

BUSINESS WEEK

OCT. 5, 1946



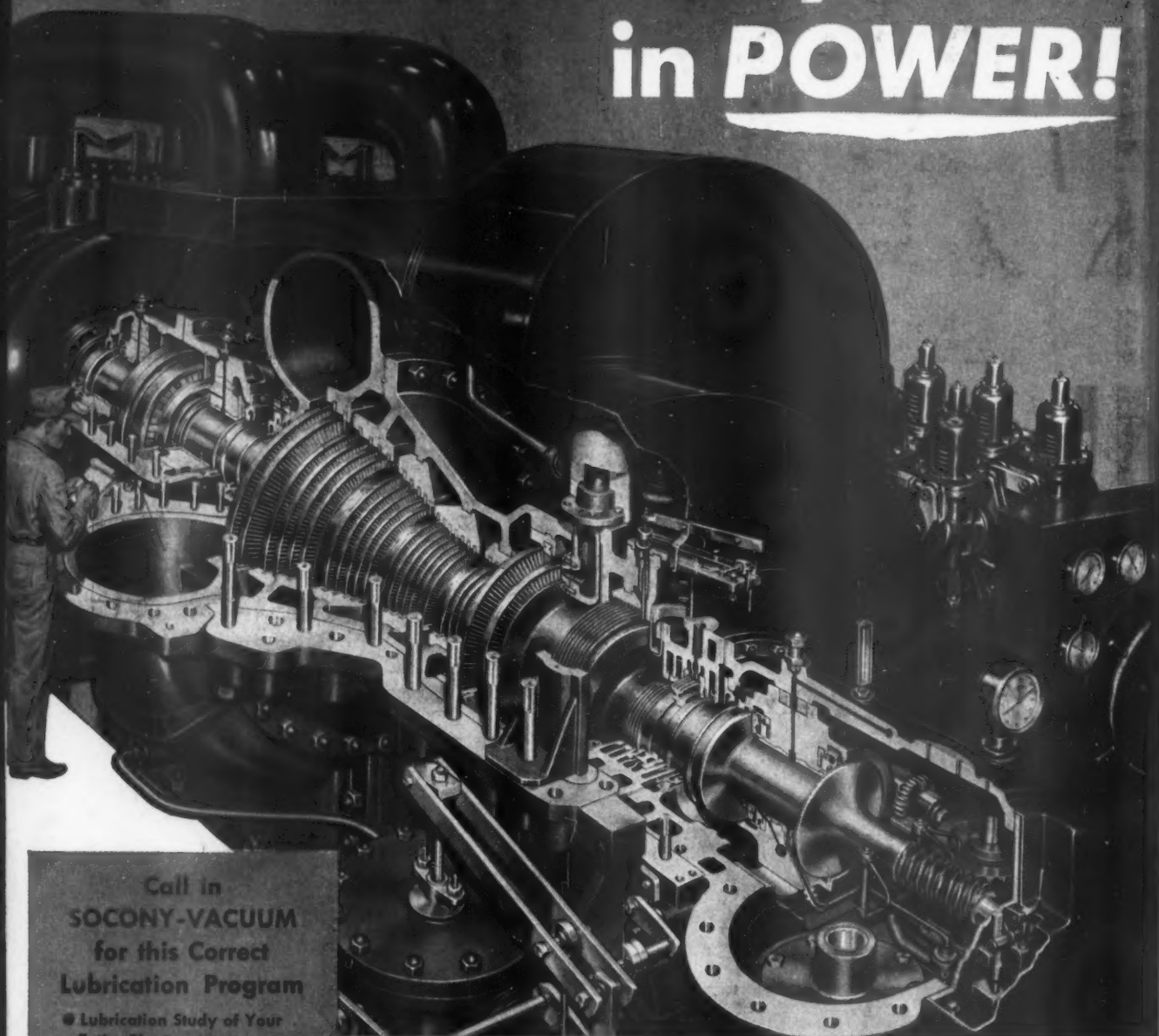
George William Taylor - The author of the Little Steel Formula reaches for another one (page 8)

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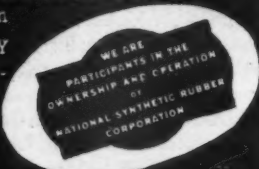
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Oct. - Dec. 1946



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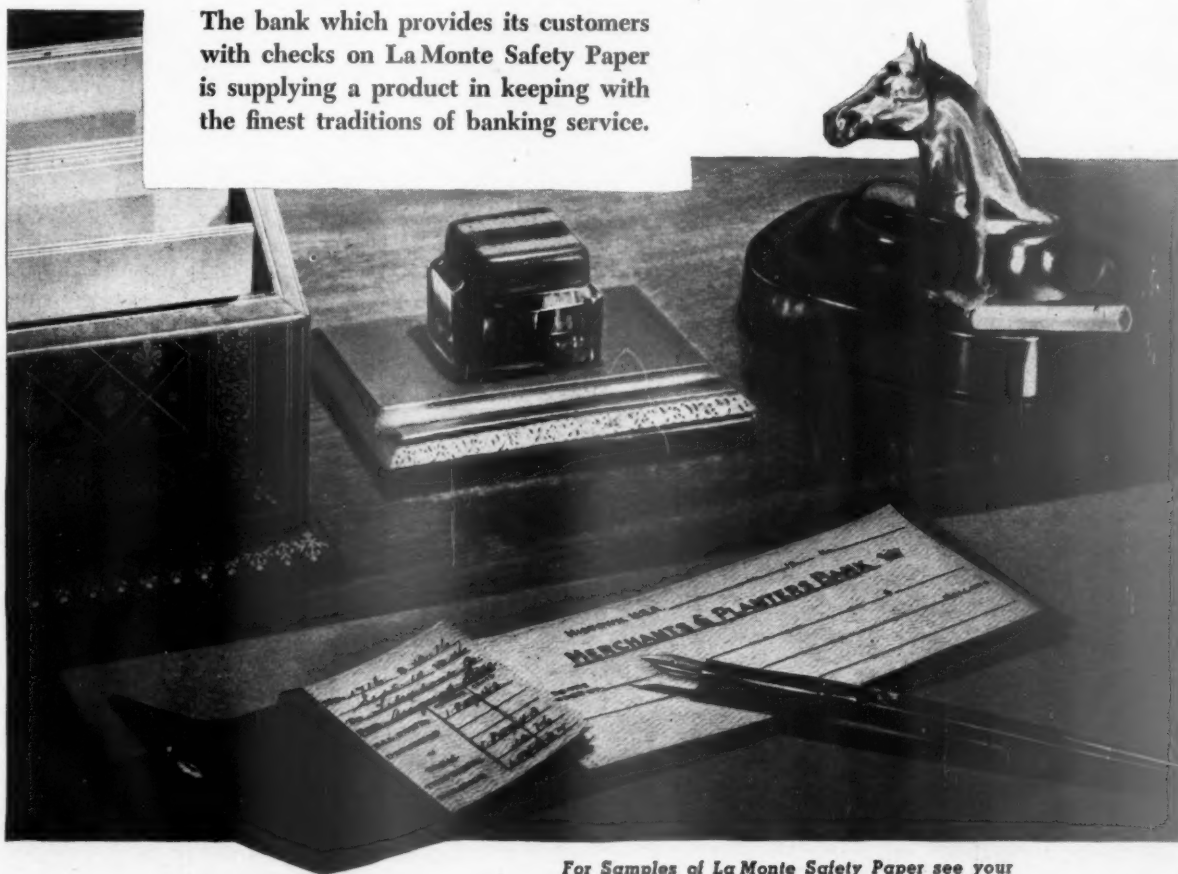
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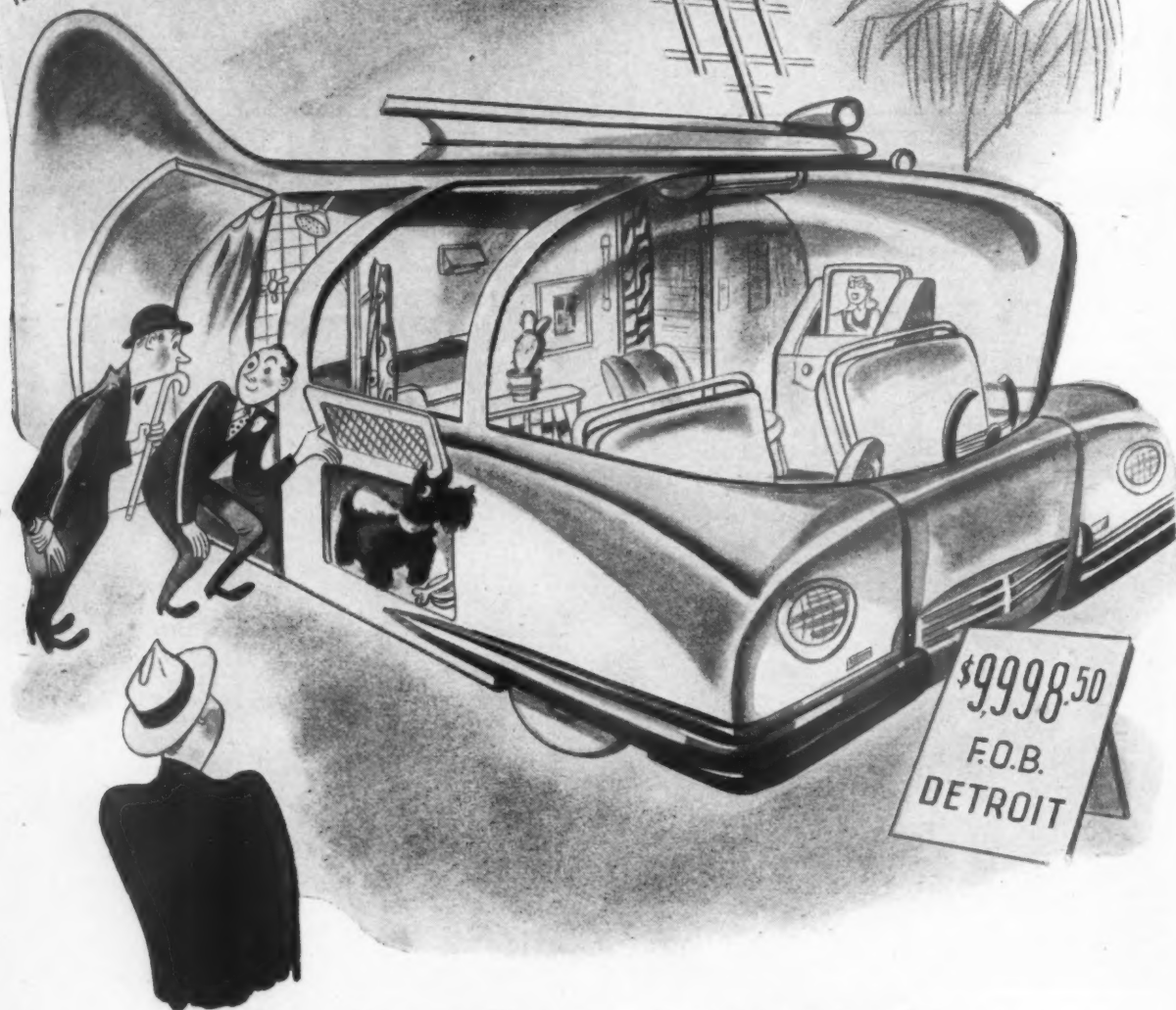
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BATTERIES

WASHINGTON BULLETIN

FROST MEANS MEAT, VOTES

From now to November, cold weather is Democratic weather. This, rather than anything the Administration can do, will put more meat on the table before Election Day. A little early frost on the range, bringing cattle to market a week or two earlier than normal, will decide whether beef appears on the table just before rather than just after Nov. 4.

Politicos jittery over the congressional tossup are convinced, without much evidence, that this makes a difference down in the districts.

President Truman won't budge on meat price control. His advisers are sure that one certain way to keep meat off the market is a price increase now, because cattlemen would hold out for another.

Gambling on the Hoof

Unless Administration indecisiveness should give them grounds to expect a quick killing on an early price rise, there's little to induce cattlemen to hold on. Once the grass is frost-killed, there's no profit in range feeding. And present small differentials for quality meat offer feedlot operators little inducement to fatten cattle.

Some of them are bidding up the uncontrolled price of feeder stock, gambling that when meat price controls come off next summer, there will be enough oomph left in the market to shoot the price up.

What Washington is keeping its eye on is the movement from range to slaughter house of the tonnage beef that normally never goes to feedlots at all.

For the long haul, cattlemen know that meat prices trail in the footsteps of corn prices—and they can see corn futures already turning downward. At the same time, they are being warned by the Dept. of Agriculture that herds now on the range are larger than the domestic market can permanently afford.

Though still faint, the first mutterings of agricultural surpluses and breaking prices are beginning to be heard. It's not a situation that is likely to tempt a man to keep large inventories on the hoof.

AGRICULTURE SLIPPING

It's beginning to look as though last spring's debate between the UNRRA crowd and its supporters in the Agriculture Dept., who predicted three or four years of world food shortage, and

the old "Triple-A" group from the Roosevelt-Wallace days, foreseeing plenty by 1947, has swung toward the prophets of plenty. As they expected (BW—May 25 '46, p. 5), the political climate is now less favorable to subsidized exports and the price situation discouraging to commercial exports.

So the debate has shifted ground. The issue now is how close the domestic market alone could come—in a full employment economy—to supporting the present level of farm production.

The official view around Secretary Anderson is complacent: No more cut in output is required than will be produced automatically by the vicissitudes of weather and the desire of farmers to conserve the fertility of their fields.

The AAA people don't trust the weather that much. They insist that improved farm technology is the real basis for the large crops of the forties, and that nothing but low prices or government restrictions will keep them down.

They figure that the remaining export market plus domestic demand will absorb the big crops to be harvested in 1947, except for a reasonable carryover. But they look for a large proportion of the 1948 harvest to end up on government loan—at the 90%-of-parity support price.

And the 1948 fall planting, they predict, will be made under acreage cuts in the neighborhood of 25% below war peaks.

Spuds Pose Issue

Right now the potato surplus is giving the Dept. of Agriculture a foretaste of the administrative problems it will face if the predicted surpluses develop. Under the Steagall amendment, Congress has committed the department to supporting farm prices at 90% of parity for two years after the official end of the war. This support guarantee is not coupled with any crop-restriction program, so the lowered production goals set for next year mean little.

Come January, the department will be asking Congress to tie the statutory price guarantee to production limitations, and this may well precipitate fundamental debate over the whole issue of agriculture's reconversion. Though the issue will be presented in terms of potatoes, it'll be fought out in terms of the major grains.

Farm congressmen may initiate a drive to pull up support prices to a level closer to the current situation. Obviously, 1946 is destined to replace 1914 as the parity goal of every farmer's dreams.

IMPACT ON INDUSTRY

Most Washington economists expect that the industrial economy will weather the 1947 shift from inflation to an overall supply-demand balance without slipping into a downward spiral.

But it may encounter its first real shock in 1948, if a slide in farm prices to the 90% support level (from the present 122% of parity), coupled with crop limitations, produces a sharp drop in farm income.

WAGE POLICY TAKES SHAPE

Here's the tack that the OWMR advisory board is taking on wage control, in response to President Truman's plea to get him out from under—and to do it without setting up a new wage formula that would license a second round of wage increases throughout industry.

Wage increases there will be, but each one will be handled as a special case. For whatever is approved, the justification given will be some unique feature of the case which is noncontagious, sets no formal precedent for any other case (BW—Sep. 28 '46, p. 5).

The board proposes to take the burden of this intricate policy off Truman's back by permitting the National Wage Stabilization Board to work out the sort of tricky settlement that, in the maritime case, had to be handled by the White House after the NWSB had gone as far as it could. This will necessitate freeing NWSB from its servitude to a rigid formula.

Essentially, the OWMR board's recommendations will do nothing more than transfer the job of finagling settlements from one set of hands to another, but it can be made to appear as a ringing reaffirmation of the Administration's backing of the Wage Stabilization Board. Naturally, with its renewed responsibilities, the board gets renewed authority—such as the authority to retreat occasionally.

PATENTS FOR THE PUBLIC

First job facing the Justice Dept. after it reabsorbs the office of the Alien Property Custodian—expected to happen soon—will be to find some way to put into effect a still unannounced decision of the Inter-Departmental Committee on Foreign Economic Policy that patent rights owned by seized enemy firms should be thrown into the public domain.

Since early in the war, patents seized



Motor transportation makes it possible for thousands of communities to grow in remote sections of the country. Built along the nation's highways, they depend entirely upon trucks, buses, automobiles and airplanes to maintain physical contact with the rest of the world.

Towns are built on gasoline

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WASHINGTON BULLETIN (Continued)

directly because they were owned or controlled by enemy nationals have been thrown open to general use. But when the custodian seized the enemy holdings of such firms as American Bosch, General Aniline, and American Potash, he took no action on their patents.

Chief reason was that destruction of the value of these patents would be unfair to American and friendly foreign owners of minority interests in the companies.

To carry out the interdepartmental recommendation that these patents, too, be thrown open will probably involve buying out minority stockholders.

Except in the unlikely event that this can be completed by negotiation, condemnation legislation will be required—and APC has had a poor record, so far, on getting the legislation it wants for a liquidation job.

WHERE IT HURTS

Hard pressed for paper to print income tax and other forms, the government may go into the paper manufacturing business. There's inside talk that Sen. Carl Hayden, chairman of the joint congressional committee on printing, will put the proposition up to the next Congress. As presently envisaged, such legislation would authorize the government to build mills, using pulp timber from national forests, principally in Alaska.

The government's plight is really serious, as magazine and book publishers, and other large consumers have bought up more and more mills to serve their own requirements exclusively. Government printing office requests for bids are failing to bring out anywhere near enough.

"WHOLESALE" DEALS UPHELD

The Federal Trade Commission has come up with the idea that concerted action to stop the "I can get it for you wholesale" practice is illegal.

The National Retail Furniture Assn. and affiliated organizations are charged with unlawful collective action to "deprive employees of large industrial and commercial organizations" of the opportunity to buy through company purchasing channels.

Vehicle of the alleged illegal efforts was the trade relations movement, put into operation in 1938 to persuade big companies to stop buying for their employees merchandise which would otherwise flow through regular retail

channels. FTC says a "substantial number" of concerns were illegally "persuaded" to accept the objectives and join in the movement to end trade diversion.

WPB REVIVAL

The political battle over remobilization of industry (BW—Sep. 14 '46, p5) will burst into the open soon after Congress convenes in January. Basis of controversy will be the Munitions Board's ambition to expand greatly its program of stockpiling war materials.

The \$100,000,000 program which Congress approved for this fiscal year has already raised the basic question of how much interference with metal-hungry civilian industries should be permitted in the interests of war preparation.

The Administration will have to decide where it stands when it receives Munitions Board recommendations for an immediate step-up in buying to a level of \$300,000,000 to \$400,000,000 a year.

Atomic Unanimity

Amazing—and encouraging—aspect of the United Nations atomic energy report is its complete agreement with the scientific phases of the similar report issued by the State Dept.'s "Lilienthal committee" (BW—Mar. 30 '46, p5).

Both reports find that effective control of atomic energy is technologically feasible (actually, the U.N. committee uses a double negative to reach this conclusion). Understandably, the U.N. scientists leave to the Atomic Energy Commission the question as to whether control is politically feasible. That commission already has before it the State Dept. proposal for an all-powerful International Atomic Development Authority, as first broached in the Lilienthal report.

The U.N. scientists add little to the scientific information already made public, except perhaps to point up the prospect of utilizing thorium as a nuclear raw material to produce fissionable uranium-233, much as U-238 is used to produce plutonium. In both methods, however, U-235 is still required as the "trigger" substance.

After discussions last month with civilian advisers, the Munitions Board has crystallized its thinking on an M-Day organizational plan around a civilian WPB-like coordinating body. War Production Board veterans are being called in to help in formulating its structure.

Supplementing the new WPB would be some 75 industry advisory committees, each with a military opposite number which would be composed of procurement officers dealing with that particular industry.

Immediate creation of an embryo WPB to carry on a planning job paralleling the Munitions Board's and to be transformed, when needed, into an operating agency will be recommended to the White House by some former WPB members.

MONOPOLY ON THE PAN

What have been the results, if any, of the Federal Trade Commission's anti-monopoly activities during the last ten years? This is the first thing the monopoly subcommittee of the House Small Business Committee wants to find out in hearings which are scheduled to start Oct. 15.

Later, the committee will also look into the Justice Dept.'s antitrust operations, as a build-up for legislation to combat concentration of industrial power more effectively.

Rep. Estes Kefauver, chairman of the House group, is the sponsor of legislation designed to block mergers by prohibiting acquisition of assets of a competitor as well as its share capital (BW—Jan. 5 '46, p18). FTC itself has long advocated this strengthening of the Clayton antitrust law.

The House Judiciary Committee recommended passage of the bill by the last Congress, but it never got to a vote. Kefauver is still trying.

DAVIES' JOB?

The National Petroleum Council, off to a wobbly start in its effort to perpetuate the oil industry's pleasant wartime relations with the government, found itself unable to get together on a chairman when faced with the sudden nomination of Ralph K. Davies last week.

Davies, close friend and wartime aide to Harold Ickes, still is on the federal payroll as acting director of the Interior Dept.'s New Oil & Gas Division. Davies fathered the council, but a majority of its membership was taken aback when

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HEATING SYSTEMS

the name of the former California Standard official was offered for the chairmanship.

The ensuing wrangle resulted in naming a special committee to consider selection of officers.

THE COVER

In the policy which the advisory board of the Office of War Mobilization & Reconversion will submit to the President for holding together the wage control machinery for the next few months (page 5), it's not hard to see the sophisticated hand of George W. Taylor, father of the Little Steel Formula on which the old National War Labor Board held a line from the summer of 1942 until the arrival of V-J Day.

When he got out of high school Taylor didn't want to go to college, so he went to work in a textile mill blending dyes to match a swatch of cloth. He'd add a little of this, and a little of that, till he had the dye and the cloth together. He's been matching up things ever since—mostly the divergent positions of employers and employees.

• Taylor eventually decided to go to college and he's been there ever since too. As professor of labor relations at the University of Pennsylvania's Wharton School, he has developed and shaped a whole generation of professional adjudicators of labor disputes.

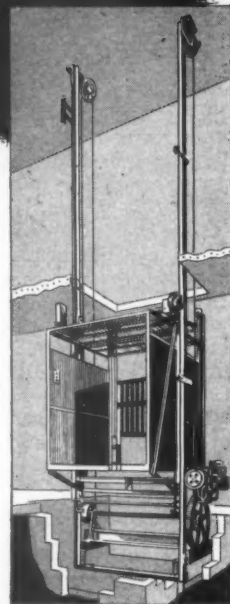
It was a Ph. D. thesis on the hosiery industry published in 1931 that got Taylor a job as impartial arbitrator for that industry and started him on a career of professional arbitrating. He was the first man to umpire a United Auto Workers contract with General Motors, and has for years been the impartial chairman of the men's clothing industry in Philadelphia.

• Taylor had his first taste of government in NRA days as administrator for the hosiery code. In January, 1942, when President Roosevelt created the National War Labor Board, George Taylor was appointed as a public member and vice-chairman. He became chairman three years later, but quit the board after V-J Day when it was put into the Dept. of Labor under Secretary Lewis B. Schwellenbach.

He considered himself demobilized until Truman called him back to Washington three months ago to head the board set up to advise John Steelman, new director of OWMR. Under Taylor that board has tended to become as much an adviser to Truman as to Steelman.

The Pictures—Wide World—Cover, 48, 57, 65; Acme—19, 29, 44, 92; Harris & Ewing—63, 95, 106; Press Assn.—92, 100; Moffett—65; European—113; Richard Arlens—116.

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THE OUTLOOK

BUSINESS WEEK
OCTOBER 5, 1946



Caution marks today's business thinking, a wholesome sign in these times of inflationary scarcities.

Indications of this cautious attitude are to be discovered in diverse manufacturing lines.

American Machinist cites scattered reports of actual cancellations of orders in various industries. This McGraw-Hill magazine also notes a decline in forward buying.

Iron Age observes that steel consumers are not committing themselves on amounts of their steel quotas they will want shipped in 1947, sees in postponement of deliveries a possible forerunner of cancellations.

The National Assn. of Purchasing Agents says backlogs of orders seem still to be growing (a possible warning of future trouble) but notes that buyers are reluctant to expand inventories from here on.

•
The clamor over the record inventory accumulation during July appears to have caused some modifications in buying policy.

Early returns had led the Dept. of Commerce to think August might show as big a gain as the \$800,000,000 for July. More complete figures, however, bring the month's increase down to \$325,000,000.

Yet business borrowing from the banks continues at the headlong rate of the last three months. This must represent some continued stocking.

•
Purchasing agents are concentrating now on the search for items that are slowing down the assembling of components already in stock.

This will result in less buying of the more plentiful parts and materials and a painful hand-to-mouth procurement of scarce ones.

In this way, over-all inventory can be reduced. Gradual clarification of the price structure also facilitates movement of finished goods.

•
More realistic policy on inventories—less buying because stuff is to be had now, might disappear later—can help the delivery situation.

Even so, steel mills don't see any balance short of many months. And purchasing agents are hard put to find insulated wire and cable, motors, copper, lead, certain textiles, coke, nails, and lumber.

A well-established manufacturer reports this outlook on deliveries:

Carbon-steel products, second quarter of 1947; stainless steel, January and February of next year; gray-iron and stainless-steel castings, two to three months; malleable castings, four to six months; fractional-horsepower motors, ten to twelve months; gears, six months.

•
Building material output has been rising fast enough recently so that "pipelines" should gradually begin to fill with some critical items.

Brick, cement, and gypsum board now are well above prewar levels.

Warm-air furnaces, too, show a sharp gain over 1941. Cast-iron radiation, on the other hand, still is far behind despite an excellent gain registered in August.

Trouble is that inventories are so run down that current output has a hard time making itself felt in most materials and supplies.

•
Even lumber is making gains that should have a beneficial effect.

Production in July set a postwar high at 3,167,059,000 b.ft. (against

THE OUTLOOK (Continued)

BUSINESS WEEK

OCTOBER 5, 1946

a monthly average of 3,045,000,000 for 1941). It was the third consecutive month above three billion board feet, and the Civilian Production Administration feels lumber should no longer handicap housing seriously.

But there still is widespread maldistribution complicated by black markets. National Housing Agency says at least 50 areas have shortages.

Washington has suggested to the industry that the flow should be improved, and one proposed step is to pass priority ratings clear down to the sawmill. As it is now, builders give priorities to distributors and the latter are supposed to get lumber on quarterly quotas.

By broadening priority coverage, the distributor would call on the sawmill for the lumber specified in HH (veterans' housing) ratings by actually presenting the priority orders.

•
Public works don't get much attention, but they are a noteworthy factor in construction totals (and can readily take up slack in housing that might be caused by resistance to outlandish prices).

Engineering News Record's latest weekly report on construction awards lists a total of \$133,719,000—more than half state and municipal.

•
Financial circles, long on starvation diet as far as tax-free state and municipal bonds are concerned, look forward to the day when public works are permitted to return to normal.

They point to a decline in state and local debt from \$20 billion to about \$16½ billion as some guide to the new securities to be expected.

•
Commodity markets gradually are taking on a little more freedom.

Cocoa still is under price control, but the New York Cocoa Exchange was able to reopen this week as OPA moved ceilings up to world prices. (But there was no trading, the ceiling price being bid with no offers.)

Rubber clearly is heading for a free market with the conclusion this week of a U. S. contract to buy 200,000 tons of Malayan crude at 3¼¢ below the price stipulated in the current agreement (page 16).

Removal of coffee ceilings is still expected in some quarters.

•
The battle of the rubbers—natural and synthetic—comes one step closer with the markdown in the Malayan price.

World supplies of natural and synthetic next year probably will approximate 1,500,000 tons. That's nearly half a million tons more than was ever used before the war.

While U. S. synthetic output has been cut back from wartime levels, it still about equals our biggest domestic prewar consumption. On top of that, we will take a fair share of 1947 natural rubber output.

That sets the competitive stage. John L. Collyer, Goodrich president, estimates that U. S. synthetic can sell around 15¢ to 17¢ a lb.

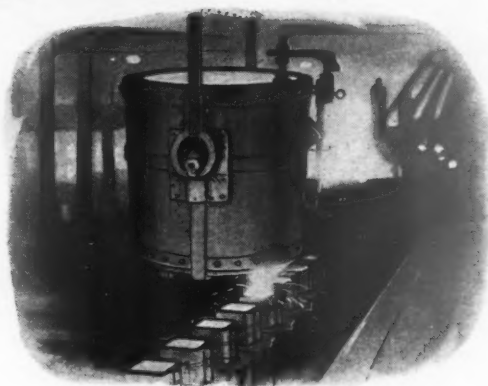
Against such prices, natural crude now is pegged at 22½¢, New York.

•
Anyone who still finds trouble buying a new tire should bear in mind that car and truck output is running at a 4,000,000-a-year rate.

That means 16,000,000 original equipment tires plus truck extras. And each car buyer has to scurry around to buy a spare as soon as he gets the auto because it still comes equipped with but four.

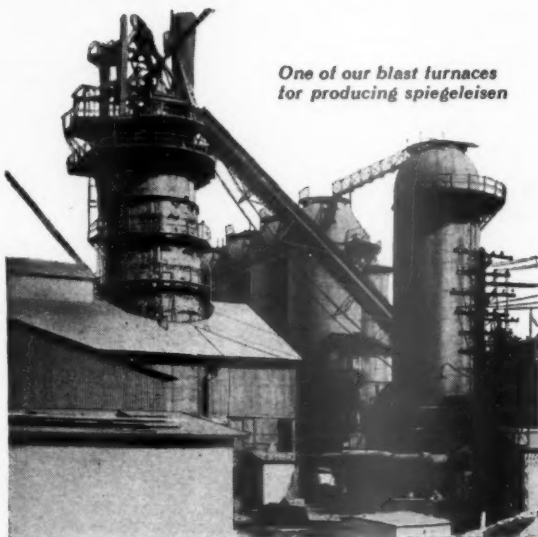
Chemical Activation and Heat Dispersion in RUBBER	Deep Drawing in BRASS
Durability and Color in PAINT	Deoxidizing and Alloying of STEEL AND IRON
Chemical Reducing Agents and Fire Retardance in TEXTILES	Rust Prevention in GALVANIZING
Forming Properties in METAL POWDERS	Resistance to Chemical Change and Temperature Variation in CERAMICS
Covering Power and Adhesion in COSMETICS	Formability and Corrosion Resistance in STAMPINGS
Fluorescence and Phosphorescence in PLASTICS	Opacity, Whiteness and Brightness in PAPER
Application and Color Permanence in PRINTING INKS	Non-Toxic, Protective, and Mildly Astringent Qualities in PHARMACEUTICALS
Processing and Wearing Qualities in LINOLEUM	High Speed Production, Strength and Accuracy in DIE CASTINGS

ANOTHER FIELD SERVED WITH HORSE HEAD PRODUCTS



SPIEGELEISEN

You have probably never heard of "Spiegeleisen"—unless you happen to be familiar with the technique of producing open hearth steel or gray and malleable iron. This is just one of the many products of The New Jersey Zinc Company which lose their identity in their ultimate uses. During the past 90 years, we have been the country's largest producer of this important ingredient for the deoxidizing and alloying of steel and iron.



One of our blast furnaces for producing spiegeleisen

Spiegeleisen serves a dual role, for it provides qualities which are desirable in the refining process as well as in the steel or iron itself. In steel melting, spiegeleisen is added to the bath for purification purposes. In gray and malleable iron it also provides incidental cleansing when added to the furnace charge, but its primary function is to increase the manganese content of the final product.

Although spiegeleisen is one of the oldest of our firmly established products, our research organization keeps a watchful eye on developments in steel and iron metallurgy. Thus we are able to keep abreast of changing needs and to supply various grades of spiegeleisen for maximum efficiency of this product under today's operating conditions.

An alloying ingredient for steel and iron may be of only passing interest to you, but we wish to emphasize our far-reaching research and manufacturing experience gained in serving this field and the many others listed above. Write to our Technical Service Division if you feel that this experience places us in a position to be of some service to you.

*The literal translation of the word Spiegeleisen is "mirror-iron", a name originally applied to a white manganiferous pig iron, with mirror-like crystals, first made in Prussia about 1850.

THE NEW JERSEY ZINC COMPANY

160 FRONT STREET, NEW YORK 7, N. Y.



WHEN YOUR PLANT AIR GOES IN HERE



Illustrated is a No. 34H3 Capillary Unit Conditioner with cooling and heating coils, providing complete air conditioning in one assembly.

It Comes Out Here
CLEAN and COOLED
HUMIDIFIED or DEHUMIDIFIED

Use Clarage Capillary Air Conditioning

Units where Accurate Control of Temperature and Humidity is Important — and
where Maximum Air Cleanliness is Vital to
Production, Uniform Quality of Product,
Health or Safety.

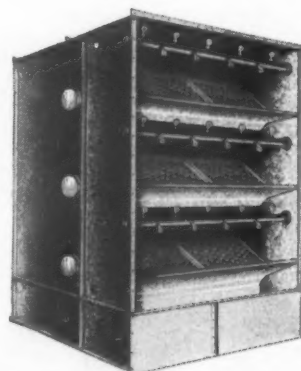
Clarage Capillary Air Conditioners are complete factory assembled units, including a Capillary cleaning section, pump, heating coils, fan, drive and motor. They are available in seven sizes — 1800 to 20,000 c.f.m. Horizontal units, as shown above, are built in both Class I (con-current) and Class II (counter-current) types. Vertical units in Class II arrangement only.

There are excellent reasons for considering this modern air conditioning equip-

ment: (1) Inexpensive to install — no costly building alterations required; (2) Everything in one "package" — no parts to assemble on the job; (3) Proper coordination and performance of all parts assured by factory tests; (4) Low first cost and low operating costs—the result of shrewd, advanced engineering.

★ ★ ★

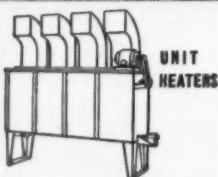
Write for our Bulletin 122. It gives complete information.



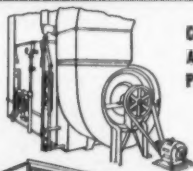
CAPILLARY AIR WASHERS

are available in a series of five height sizes, and in eleven widths — capacities from 4,400 to 132,000 c.f.m. They are built in Class I (con-current), Class II (counter-current) and Class III (con-current with coils) types. Bulletin 120 describes complete line of equipment.

**SOME
OF OUR
OTHER
PRODUCTS**

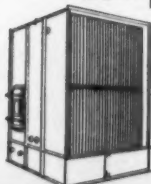
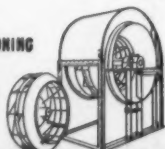


**UNIT
HEATERS**



**CENTRAL STATION
AIR CONDITIONING
PLANTS**

**AIR CONDITIONING
AND
VENTILATING
FANS**



**AIR
WASHERS**

CLARAGE

FAN COMPANY

Kalamazoo, Michigan

**APPLICATION ENGINEERING OFFICES
IN ALL PRINCIPAL CITIES**



FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	† Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	90.2	90.4	84.5	79.7	97.3
Production of automobiles and trucks.....	85,572	180,972	74,960	10,430	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$17,863	\$16,568	\$17,045	\$11,630	\$19,433
Electric power output (million kilowatt-hours).....	4,518	4,507	4,404	4,039	3,130
Crude oil (daily average, 1,000 bbls.).....	4,778	4,775	4,833	4,357	3,842
Bituminous coal (daily average, 1,000 tons).....	2,056	2,117	2,036	1,963	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	85	86	85	77	86
All other carloadings (daily average, 1,000 cars).....	65	66	63	63	52
Money in circulation (Wednesday series, millions).....	\$28,448	\$28,453	\$28,376	\$27,729	\$9,613
Department store sales (change from same week of preceding year).....	+26%	+37%	+40%	+14%	+17%
Business failures (Dun & Bradstreet, number).....	28	19	28	10	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	337.7	335.2	332.8	259.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	205.7	1205.6	202.9	168.8	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	293.8	292.2	301.7	227.7	146.6
† Finished steel composite (Steel, ton).....	\$64.45	\$64.45	\$64.45	\$58.27	\$56.73
† Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
† Copper (electrolytic, Connecticut Valley, lb.).....	14.375¢	14.375¢	14.375¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.00	\$1.96	\$1.95	\$1.66	\$0.99
† Sugar (raw, delivered New York, lb.).....	5.57¢	5.57¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	38.13¢	37.15¢	36.15¢	22.63¢	13.94¢
† Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.330	\$1.281
† Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	119.6	116.2	127.9	128.4	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.15%	3.15%	3.04%	3.23%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.59%	2.60%	2.52%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-14%	14-14%	14-14%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	4-4%	4-4%	4-4%	4%	4-4%

BANKING (Millions of dollars)

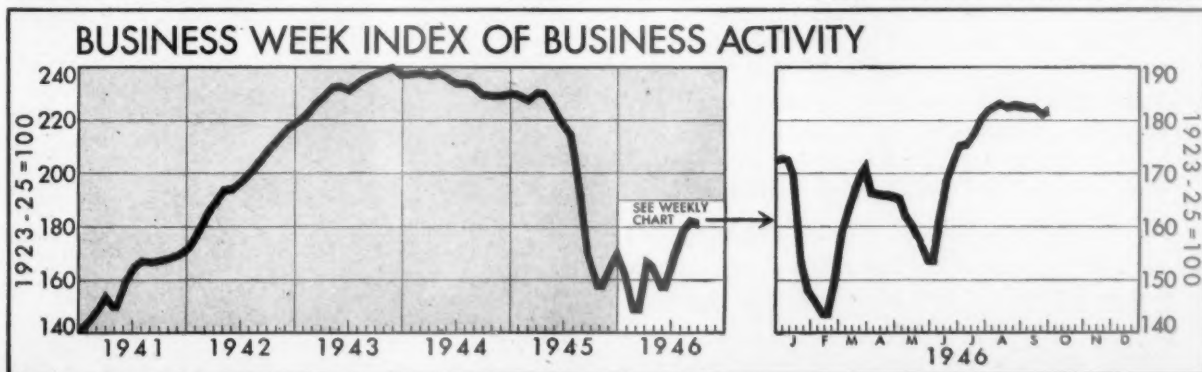
Demand deposits adjusted, reporting member banks.....	39,492	39,767	39,303	38,817	23,876
Total loans and investments, reporting member banks.....	59,074	59,408	59,983	61,251	28,191
Commercial and agricultural loans, reporting member banks.....	9,070	8,925	8,496	6,113	6,296
Securities loans, reporting member banks.....	2,884	2,897	3,067	4,037	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	39,990	40,525	41,463	45,140	14,085
Other securities held, reporting member banks.....	3,541	3,517	3,442	3,380	3,710
Excess reserves, all member banks (Wednesday series).....	770	930	792	893	5,290
Total federal reserve credit outstanding (Wednesday series).....	24,585	24,224	24,102	23,892	2,265

* Preliminary, week ended September 28th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.



**WE'RE HANDLING
142,000,000
LOCAL CALLS A DAY**



That's 25,000,000 more than a year ago—and an all-time high.

It didn't seem possible that available equipment, with such additions as we could make, could be stretched to handle an increase like that. But it's been done despite shortages of materials and other handicaps. Best of all, service keeps on being good on most calls.

There are delays once in a while but we're doing our best to make them fewer and fewer. Service will be better than ever as soon as new equipment can be made and installed.

BELL TELEPHONE SYSTEM



Price-Resistance Key: Autos

Will 50% increase over 1941 level cool off huge consumer demand? Detroit says "No." Answer will be a guide to executives on what they can expect as they set their pricing policies.

The auto industry wins attention these days because it has become the ace barometer of general postwar business. People watch Detroit not only as buyers or suppliers. A multitude of other jobs and products depends on the prosperity of the motor car business; another multitude competes with the industry for shares of the consumer dollar.

The industry started as the prime case of war-built backlog of demand. It became the classic example of what strikes and other troubles can do to output. Now it may prove the key test of whether rising prices will kill markets.

• **Detroit's Judgment**—Are higher car costs pricing automobiles out of the market? Detroit's answer today is a flat "No." But Detroit is worried that its answer may have to be qualified in a none-too-distant tomorrow.

Ballooned by rising costs, delivered motor car prices threaten to be half again as much as in 1941, when the last prewar batch was sold in any volume.

Prices of 1942 models—of which few were made—ran 10% to 15% above 1941 model prices. OPA has already jacked up prices better than 25% above 1942 because of higher labor and materials costs, changed specifications, the new law's provision for standard dealer markups, and "hardship" allowances to keep makers near the break-even point. The average increase since June of this year alone for representative models of each make has been about 10%.

• **Price Comparison**—Retail prices for standard size cars are definitely in four figures nowadays. Consider what a purchaser in Chicago has to pay on delivery under OPA ceilings.

Ford—8-cylinder tudor deluxe sedan—Price today, \$1,258.69; price in June, \$1,107.24; price for 1942 model, \$962.

Chevrolet—4-door sport sedan—Price today, \$1,120.47; price in June, \$1,051.09; price for 1942 model, \$899.98.

Plymouth—2-door deluxe sedan—Price

today, \$1,206.66; price in June, \$1,142.96; price for 1942 model, \$1,011.84.

Packard—Model 120 4-door sedan—Price today, \$1,932.44; price in June, \$1,773.78; price for 1942 model, \$1,435.

• **Another 10%?**—A month ago Charles E. Wilson, president of General Motors, indicated that car prices still needed to go up another \$100 a car. Ford's recent ceiling price increase (BW—Sep. 21 '46, p. 48) may have edged that company into the black but only negligibly. Other companies feel, like Ford, that they must have price increases in order to make money.

Certainly if wages go up again, even as little as a nickel an hour, that will be added to car costs and translated into higher prices.

So, all in all, it looks like about a 50% rise since the 1941 model year—10% to 15% in 1942, at least 25% so far in the postwar period, maybe as much as 10% to come.

• **Effect on Demand**—That being the case, Detroit sales analysts are studying their figures overtime to try to measure the effect. But there are few rules to go on. Mostly there are opinions, not precise formulas.

One company used to calculate that each 1% increase in price reduced the total market by 24%. But an inflationary period that puts smaller dollars into



BETTER ROADS, BETTER BUSINESS

Industrial leaders, with a vital stake in the \$20 billion road-fixing job that faces the U.S. after years of war neglect, thrashed out their problems last week at the Highway Transportation Congress in Washington, sponsored by the National Highway Users Conference. Typical

of those speaking for their industries were (left to right): John L. Collyer, president of B. F. Goodrich; General Motors' Alfred P. Sloan, Jr.; William R. Boyd, Jr., president of American Petroleum Institute. Cited as obstacles to the renovation and construction necessary for highways were labor and material shortages, diversion to other purposes of revenue collected from motorists.

bigger incomes calls for a recalculation. This firm now figures that a 1% price advance chops only 1½% off the market. On the basis of that figuring, the 10% price increases since June have cut down the total auto market by around 15%. The reasoning behind the figures is simply this: Higher prices shrink the purchasing power of fixed-dollar wartime savings, and force some would-be buyers out.

• **Size of the Backlog**—This may not seem to affect the demand backlog too much. Auto registrations have fallen off about 4,000,000 from the 29,000,000 total at Pearl Harbor. This wartime scrappage is figured by Detroit as a hole which must be completely filled—an irreducible minimum of cars wanted as soon as possible.

Beyond that is a much larger number of cars whose lives were stretched well past normal expectancy by their wartime owners. One prewar study anticipated that if normal patterns were followed during the war years, registrations would shrink by 1946 to less than 19,000,000.

This would indicate that about 6-



OF WAR AND PEACE

Brig. Gen. David Sarnoff (above), RCA president, whose 40 years of service to radio were celebrated this week at a testimonial dinner in Manhattan, reports that the industry is on the threshold of miracles. Control of weather, mail delivery by radio, diversion of ocean currents, and worldwide television are within the realm of scientific possibilities—alternatives to devastation and the end of progress which could result from the application of such scientific ingenuity to war, he declared.

million more cars await junking, though they can and are being used.

• **Four Years' Output**—On the face of it, it will take over two years to supply those 10 million cars, and another two years to make up for cars being scrapped while the first backlog is being made up.

But such statistics-juggling takes no account of the structure of the auto market in terms of both new- and used-car sales. According to some estimates, there are only perhaps 7½ million potential new-car buyers in the country—while the others represented by the theoretical demand backlog are would-be buyers of nonexistent used cars.

The seemingly rock-ribbed new car market could break, if it does at all, by new car prices rising too far out of the range of economical trade-in allowances set by the used-car market.

• **Buyers Not Choosy Yet**—These things are only in the backs of auto marketers' minds. Right now, cars are selling like hot cakes.

Dealers, for the most part, allow trade-in values considerably below OPA "warranted" levels—sometimes \$100 to \$300 below. And they sell many new cars equipped with a variety of gadgets and extras, pushing the price up as much as \$400 a unit. So obviously, buyers aren't getting choosy yet.

Detroit is worrying, if at all, about 1947 or 1948.

• **Production Prospects**—It has made only 1,300,000 autos so far this year. It can roll off another 3,000,000 or so in nine months if strikes don't interrupt. (Car makers today say next year's output will be ceilinged at 4,750,000 cars and trucks by sheet steel supplies.)

By the time half of the potential new-car buyers are taken care of, which should be some time in 1947, some of the urgency may come out of the used-car and new-car markets alike, while new-car prices are still going up.

• **Light Car Sidelight**—The recent junking of plans for building factories to make new lightweight cars (BW—Sep. 21'46, p41) is, perhaps, an index of confidence in the basic auto market. For, if prices should really crack the market, the "cheap" car would be a "must."

Wage costs are fairly inflexible now, both in auto assembling and in parts and materials making, so standard models would not come down very far in price. Nor could they be stripped down very far without the same amount of extensive redesigning and retooling necessary for a really cheaper car.

In short, without a low-priced car, manufacturers could be hit hard and fast by a break in the market.

• **The Best Buy**—Despite the price situation, auto makers aren't seriously worried about a real crack in markets for some time to come. One Detroitier puts it this way: "An automobile is still the best buy for the money."

Rubber Surplus

Malayan production tops expectations. U. S. arranges new purchase from British at lower price, but users won't benefit.

Long before most people—least of all the British—had expected it, a natural rubber surplus has developed in Malaya.

As a result, the State Dept. this week drove a hard bargain with the British rubber cartel for purchase of 200,000 long tons between now and the end of the year at a price of 20½¢ a lb. f.o.b. Far East—3½¢ under the 23½¢ agreed upon by the two groups last June (BW—Jun. 29'46, p20).

• **Price Boost Caused Surplus**—The 23½¢ price was agreed to for 145,000 long tons which the U. S. contracted to purchase during the last half of 1946. That 145,000 tons represented about half of estimated production. Actually, the price increase flushed a lot of rubber out of hiding, stimulated production far beyond estimates.

Even the action of the Rubber Development Corp. (U. S. agency for buying and distributing natural and synthetic rubber) in completing purchase of this country's original six-month allotment ahead of schedule failed to ease the situation. So the British came to Washington to get rid of some of the surplus plugging Singapore's warehouses.

Tipoff on the price this country was willing to pay came last week when we purchased 10,000 tons from the Dutch at the 20½¢ price.

• **A Free Market?**—The price cut is expected to lend weight to arguments of those who favor restoration of a free market when the new Anglo-American price agreement ends Dec. 31. The British rubber industry is increasingly vocal in favor of this move, and at least some American rubber industrialists believe it warrants consideration. But any such move must be tied to this nation's still-undetermined long-range policy regarding our synthetic rubber facilities (BW—Mar. 23'46, p28).

Additional natural rubber made available by the new purchase agreement is expected to permit increased use of natural in tires (it now averages 13% in passenger casings), thus easing the existing stringency in synthetic supplies.

• **Consumer Price Holds**—A reduced price for natural will not mean a reduction in the 22½¢ price which rubber manufacturers now pay Rubber Development Corp. for their allocations, nor in retail prices of tires and rubber products. The government did not pass on to industry the 3½¢ increase of last July.



A Republic Steel workman at Massillon, Ohio, brings a sheet of stainless steel to a high polish that reflects the bright prospects of the expanding industry.

Stainless Explores New Fields

With production at an all-time high, prima donna of the steel industry plans greatly expanded capacity to meet demands of a broader market—ranging from pots and pans to skyscrapers.

Production of stainless steel, prima donna of the steel family, will reach 650,000 ingot tons in 1946, a new high—may even total 700,000—which will be just about half the expected annual capacity when the present industry expansion program is completed within the next two or three years. Should methods be developed meantime which would permit a higher yield, resulting in lowered manufacturing costs, total production of stainless could well reach a predicted 2,500,000 ingot tons by 1956.

At present the high scrap rate (as much as 50%) and high labor cost (stainless requires double the hand work carbon steel requires), plus cost of the alloys, add up to a cost to customers (25¢ to 50¢ per pound) that keeps stainless on a per pound rather than a tonnage basis.

• **Rapid War Growth**—Stainless production had a tremendous growth during the war, soaring from 250,000 ingot tons in 1940 to 540,000 ingot tons in 1945. Many producers, during the early months of the war, were hurriedly converting their equipment to the production of other forms of steel when metallurgists and ordnance experts found stainless was the answer to a number of military needs. The result was that producers were deluged with the greatest tonnage orders since stain-

less steel was formally introduced into this country in 1915.

Between 25 and 30 companies today produce stainless steel, the larger ones including Republic Steel Corp. (rapidly edging back, since the end of the war, as the No. 1 U. S. producer, and currently turning out about 4,000 tons per month), United States Steel, Allegheny Ludlum Steel Corp., Crucible Steel, Carpenter Steel, and American Rolling Mills Co. A whole host of fabricators have grown up around the producers, with the number promising to be increased—some enamblers, for example, to expand into the field.

• **Promoted by British**—Stainless steel is composed of two broad family groups—the chrome series (magnetic) with 11% or more chromium, and the chrome-nickel (nonmagnetic) with 18% chromium and 8% nickel.

Stainless was first produced in this country by Elwood Haynes in 1912 when he put together a steel alloy containing 12% chromium and 30% carbon for spark plug tips, but there is no record of his having carried his findings into even medium-sized production.

English metallurgists are generally credited with being the first to discover the unique properties of chrome steel when they, about the same time as Haynes, found chrome steel to be unaffected by the English weather. Only

slight advantage was taken of the discovery in England, except for turning out a comparatively small quantity of chrome steel for the cutlery industry.

• **U. S. Firms Get Rights**—In 1915 licenses to produce the chrome steel were made available to American steelmakers by the English patent holders. Among the first to secure licenses were Ludlum Steel, now a part of Allegheny Ludlum Steel Corp., Babcock & Wilcox, and Central Alloys Steel Co., now a part of Republic Steel Corp.

Also in 1915 word leaked out of the so-called 18-8 steel (18% chromium, 8% nickel) produced by the Germans at the Krupp works for use in World War I. The Germans issued licenses to American companies soon after the secret was out.

Ludlum was interested in producing the new steel for tools; Babcock & Wilcox was interested because the metal's corrosive resistance properties could be ideal for tubes and fittings; Central Alloys saw the possibilities of developing a tough steel sheet which would take a high polish. These three companies, working loosely together, are generally credited with doing the pioneer work on stainless steel in the United States.

Aiming for mass production in contrast to the small output by European steelmakers, the U. S. producers quickly found that changes were necessary in some of the formulas and, until such modifications were made and new procedures devised, production was held at a low level, and uses restricted more or less to tools, cutlery, jewelry, and novelties.

• **First Big Orders**—In 1924 stainless got its first big break when Republic booked an order from du Pont for a large amount of stainless plate, rivets, and piping, to be used for a nitric acid tank. Following that break-through in the chemical industry, stainless has been used in increasing quantities each year in that field.

Another push was received in 1928 when the Ford Motor Co. temporarily overlooked the switch of other car builders from nickel-plated to chrome-plated decorative parts and trim. When Ford found it was without facilities to produce chrome-plated parts, experiments were conducted with radiator shells and lamp frames made of 18-8 stainless which resulted in its adoption for those parts. The production order placed by Ford (500 tons) with Republic called for a greater tonnage than the company had produced the entire previous year of all its stainless products.

• **Many New Uses**—By 1930 more steelmakers had cautiously entered the field. So many applications had been found for stainless, and in such widely divergent fields, that its chemistry had undergone many changes in order to meet

all of these particular requirements.

It was in the chrome-nickel steel (twice as widely used as chrome stainless) that the metallurgist really came into his own. He found that by adding silicon he could lessen or eliminate scaling—of tremendous importance in many heat-resisting applications; to increase resistance to corrosion and to give greater elasticity molybdenum was added; to make for greater machineability sulphur or selenium was introduced; and for high temperature stability it was found that titanium or columbium was the needed element. In all, between 30 and 40 chemical formulas are now on the books as standard ones for stainless steel—not counting scores of special ones for special uses.

• **For Skyscrapers**—Immediately after cracking the automotive industry, through the Ford order, the stainless steel industry received another tremendous boost when Republic Steel furnished several hundred tons of stainless for the decorative and ornamental fixtures, as well as the roof, for the Chrysler Building in New York. Two years later an even larger order was received for the same type of material for the Empire State Building. Then the dairy and food handling industries widely adopted stainless.

A good start has been made in getting stainless accepted by the oil refining, paper manufacturing, and electrical appliance industries. A full-scale invasion can be expected into those fields where complete coverage has not as yet been attained. These fields include textiles, hospital and surgical utensils and instruments, burial caskets, railroad passenger and freight cars, and buses and trucks. Wider use of stainless in the passenger car field is anticipated by the steel industry.

In the cooking utensil field alone some producers foresee an annual market of 40,000 to 50,000 tons. Such utensils are already being turned out in solid stainless or clad (sandwich) stainless which calls for a layer of soft steel between the inner and outer coats of stainless. In still another stainless, copper is applied to the heating surface for a better diffusion of heat.

• **Specialized Selling**—Because of the initial sales resistance, due to cost, and because of the care with which producers guard the reputation of their product, the selling job has been developed into a specialized art. A customer would experience difficulty in placing an order for any sizable amount of stainless without first giving the producer complete details as to the use to which he expected to put it. It is because of past sad experiences of customers using the wrong type of stainless that practically all of the larger producers have added metallurgists to their field forces to advise potential customers.

A. & P. Aftermath

Court ruling against food company may bring resumption of independents' war on chains. New legislation proposed.

For five years the intense, never-ending war of the independent retailers (abetted by wholesalers, brokers, and sometimes manufacturers) against the chains has been dormant. Last week there were signs it was ready to flare up again.

The spark was the surprise conviction of the Great Atlantic & Pacific Tea Co. in the Eastern District Court of Illinois (BW—Sep.28'46,p18). Few sellers saw the text of the decision (copies of Judge Walter C. Lindley's verdict were as scarce as A. & P. steaks), but they knew that the buying advantage the A. & P. supposedly was able to wring from manufacturers contributed to the Justice Dept.'s first-round victory.

• **More Law**—Up stepped Rep. Wright Patman, coauthor of the Robinson-Patman Act, to announce he will introduce a bill requiring "sellers of any commodity in commerce to make known to all customers their quantity discounts, prices, and other terms to make them available under the same conditions to all buyers."

Independents generally said amen to Patman's idea, but their trade association spokesmen hoped the legislation

would not end with that one bill. They want additional legislation to (1) limit drastically the number of outlets a chain may control and (2) divorce production and distribution.

• **No Novelty**—Both ideas are far from new. Divorce of integrated setups has been advocated for years by independent tire dealers (BW—Apr.20'46,p70). Similarly, so-called "anti-retail monopoly acts" have been proposed in state legislatures to keep retailers from manufacturing private brands.

Proposals to limit the size of chains likewise have made little headway in the nation's capital, but state tax laws intended to end chain expansion were in vogue for a while. Now the independents believe the A. & P. trial material will interest Congress in protecting the little fellow.

• **General Stirring**—Other follow-up news resulting from the A. & P. decision:

• Sellers generally began a review of advertising and discount practices just to be sure they were on the right side of the law. But drastic revision of old policies did not appear to be in the cards—at least not until the A. & P. case gets through a higher court.

• With some of the Dept. of Justice food experts now freed from the A. & P. case, Justice is preparing for trial of Safeway and Kroger (in that order). These actions probably will open next spring.

• Long-standing actions against the meat industry, suspended during the war, will be revitalized as soon as Justice can assign staff men to them.

A. & P. Tries Five-Day Week; To Close Mondays

In Toledo last week the Great Atlantic & Pacific Tea Co., which five years ago pioneered the five-day work-week for food store employees, announced another unprecedented step: trimming its six-day sales week to five by closing stores on Mondays. If successful in Toledo, the plan will be extended to other districts.

For the moment the change reflects the store's difficulty in getting employees, and merchandise shortages. But the long-range thinking behind it may be to pare the cost of labor in distribution—an increasingly serious problem to all retailers.

One big question, of course, is how much business A. & P. units will lose by closing on Monday, which typically accounts for 10% of the week's sales. Wherever the new plan is adopted the company will ask independent grocers to go along, and it expects cooperation in larger cities where clerks are unionized.

The A & P Announces

A New Pattern in Food Merchandising

EFFECTIVE ON and AFTER SEPT. 30

The A&P FOOD STORES

IN TOLEDO

WILL BE CLOSED ON MONDAYS

A 5-day store week is being established after extensive study and experiment in the belief that it will mean:

Better Service to You

The complete program of the store will be in effect the entire store week. This should mean that the staff will be able to give you the best service and the most complete selection of goods and services. A staff of experienced and efficient employees, well equipped with the latest in modern equipment, will be at your service.

Better Living for Store Employees

Several years ago, the A&P store in Toledo was the first to establish the five-day store week. This was done to give the store employees a better living and a more complete selection of goods and services. A staff of experienced and efficient employees, well equipped with the latest in modern equipment, will be at your service.

We realize the convenience of our customers to this and that these advantages may be fully realized . . . The purchase of sufficient supplies to last the family over both Sunday and Monday will prevent any inconvenience.

Since Monday food purchases are only a small percentage of the weekly total, no serious disruption of our customers' shopping habits should result.

Our stores will be open Tuesday, Wednesday, Thursday, Friday and Saturday at regular hours to give you the most courteous and efficient service of which they are capable.

A&P FOOD STORES

WAA Faces Overhauling

Congressional probe of war surplus disposal is likely to lead to new sales agreements. Use of original manufacturers as agents may be extended if abuses are eliminated.

War surplus disposal has finally erupted on Capitol Hill. The outcome will be more head-hunting at War Assets Administration, and possibly one more in a long series of new managements for the government's \$100 billion secondhand store.

• **Four Agencies Probed**—The inevitable congressional inquiry is examining first the operation of WAA agreements under which four industries (electronics, airplane parts, machine tools, and cutting tools) control the sale of surplus products which they produced originally.

Reconstruction Finance Corp., heading surplus property at the time, gave disposal of these four lines to the originating industries on the theory that selling required technical know-how which the government could not hire.

• **Persistence Wins**—Pressure by electronics manufacturers and machine-tool dealers for agencies was widely known; makers of airplane parts and cutting tools also are said to have promoted this policy. Since many other industries, surgical instruments, for example, could have argued need of technical and market knowledge as justification for agencies, it seems clear the four got agency agreements as the reward of persistence. All other surplus goods are sold through WAA regional offices, site sales, advertising, and by transfer to the Foreign Liquidation Commission.

Several Capitol Hill committees are examining surplus disposal, especially the Senate Military Affairs surplus property subcommittee, headed by Sen. Joseph O'Mahoney of Wyoming, and the House Surplus Property Committee. The O'Mahoney committee has investigated the agency program, made serious charges, and some recommendations.

• **Agreement Criticized**—Electronics (radio, telephone, and wire communications) equipment is biggest of the four with nearly \$2 billion available for surplus. This group is in deepest ditch with the committee which says "terms of the . . . agreement coupled with incompetent, lax, and, as is contended, sometimes dishonest supervision, has produced extremely undesirable results. . . ." Of \$540,800,000 in goods declared surplus at end of June, only \$84,384,000 or 16% had been sold for about \$26,700,000.

Under commission-plus-costs terms of this agreement, one agent collected \$8,921 in expenses when his proceeds were only \$5,597. Of 153 agents of

record in May (the list constantly changes) one in every four cost the government more than his receipts.

Through inefficiency and favoritism, the committee says, agents received commissions for goods sold to customers here and abroad who were actually located by WAA, and different agents were authorized to sell at different prices.

• **Loads of Junk**—On the other hand, mountains of electronics were sent unscreened to agents, who found that much of it was unsalable junk. Agents had little or no incentive to press for intelligent junking by WAA, because all their warehousing and other expenses were paid by the government. When such recommendations were made, WAA is said to have given them only dilatory attention.

Biggest fault in electronics disposal is blamed on the cost-plus commission agreement now in effect. WAA is drawing up a new one, providing payment of shipping costs, plus a commission, not yet determined, from which agents must deduct all storage, advertising, and other selling costs.

Present electronics chiefs inherited their dilemma from predecessors, but clearing themselves of the stigma before Congress will not be easy, because they put off remedial action so long.

• **Aircraft Parts**—Least vulnerable of the four agency programs is aircraft parts,

excluding complete engines. Most planes for which they were made, and which are now in civilian use, are out of production, and the main source of supply is WAA, which maintains a large warehouse in Cleveland. Many of the agents are service operators; some are manufacturers.

Original agreement called for commission plus costs, but costs were cut out and now must be covered by the agents' 40% commission. Agents have moved into military depots with WAA officials and together they have screened out the junk, with good results.

Only about 4% of \$624,000,000 worth of aircraft components had been sold, as of June 28, for \$6,454,000. These stocks will dribble out for years, but they are obsolescent, and useful only in replacements; price cutting and sales pressure, proposed in Congress, won't be able to keep most of them out of the bone yard.

• **Machine Tools**—Disposal of machine tools, sold mainly by dealers at 12½% straight commission, gets a clean bill, and faint praise. This group has materially helped in sales totaling 27% of declared surplus costing \$1 billion, thereby aiding reconversion, and in its own interest diminishing the surplus threat to its market. The O'Mahoney committee suggests revision of the Clayton price formula, which values tools by their age, substituting appraisal based on condition. And it thinks the 3,000 dealers are too many.

Measuring the merit of agency selling mainly with the machine-tool yardstick, the committee recommends extension of the agency system, minus its abuses, to other fields of surplus.

• **Cutting Tools**—The O'Mahoney group is sharp in its report on the cut-



DRESSED UP AND OFF THE BEATEN TRACK

Needing a mammoth display counter to show its galaxy of wares to best advantage, War Assets Administration men at a sale for veterans at Voorheesville, N. Y., drafted a string of flatcars. The rest was simple and quick; wood and cardboard partitions, crepe paper drapes—and lo, a transformation (above).

ting-tool industry, plainly implying deliberate restraint of sales. This agreement sets up about 50 manufacturers as sales agents, lets them quote market prices (all their stocks are new), and requires them to sell only surplus of their own make.

As of June 28, tools valued at \$28,900,000 had been declared surplus;

agents had sold only \$453,000 worth or about 2%, for \$187,000. The "largest manufacturer-agent" is charged with collecting \$40,700 for expenses while proceeds of his sales totaled \$431. WAA is reminded that early in 1944 the Dept. of Justice complained about monopolistic aspects of the agreement, that nothing has been done about it.

The committee makes no recommendations, but WAA, taking the hint, admits the cutting-tool agreement is "impractical." The present chief of that division is drawing up a new deal, soon to be announced, which probably will set up a new commission, cut out cost allowances, and tell the industry to push sales—or else.

Government Opens Drive for Fact-Finding Legislation

The U. S. Dept. of Labor is distributing widely a report on the usefulness of fact-finding boards which argues strongly in favor of the process as the best way to handle disputes over new union contract terms.

Headed, "Fact Finding Providing Sound Alternative to Industrial Strife," the report was prepared for Secretary of Labor Schwollenbach by the three fact-finders named to investigate the dispute between the C.I.O. and the Milwaukee Gas Light Co.

The significance of this document seems clear. It appears to be the opening gun in the Administration's labor legislation campaign in the next Congress. There

is widespread expectation that the anti-Administration forces which got the controversial Case bill (BW—May 25'46,p15) through the House and Senate at the last session, but failed to muster sufficient strength to override a presidential veto, will be working determinedly in the next Congress to put over its labor law program. To counter that drive, the Administration will push for fact-finding and the Labor Dept.'s report is designed to prepare the ground.

With its report, the Labor Dept. is distributing a box-score on the work of fact-finding boards since V-J Day. This is what it contains:

Parties	Date Appointed	Date Report	Board Recommendations	Results	Comments
Twenty-two oil companies and Oil Workers Int. U., (C.I.O.)	11/27/45	1/12/46	18% rate increase	Sinclair had agreed to 18% before board appt. Subsequently all companies settled at 18% or its equivalent.	Plants seized on 10/4/45 due to strike. Returned to owners gradually—last one will be returned in October, 1946.
¹ General Motors and U.A.W. (C.I.O.)	12/14/45	1/10/46	19.5% rate increase (17.5%)	Parties settled 3/26 for 18½%.	Strike began 11/21, continued throughout hearings and until 3/26. Other automotive companies settled in the meantime at slightly lower amounts than board recommended.
² Greyhound Bus (9 lines & garages) and A.A.S.E.R.M. (A.F.L.)	12/19/45	2/21/46	Total increase of about 14% on all wage-cost items. Nonwage issues not heard.	Complete acceptance by parties.	Union struck 11/1/45; terminated strike 1/3/46 when board became operative.
¹ United States Steel Corp. and U.S.A. (C.I.O.)	12/31/45	2/25/46 (terminal report)	President recommended 18.5% (about 17.5%)	Parties accepted President's recommendation 2/15/46.	All steel companies followed 18½% pattern approved by OES. This case marked beginning of new wage-price policy with issuance of E.O. 9697.
Int. Harvester and United Farm Equipment & Metal Workers (C.I.O.)	1/12/46	2/18/46	15% general increase (slightly over 15%); m. of m.; arbitration several other nonwage rec.	Parties settled on basis of 15% recommendation of board.	Strike began 1/21/46 and continued until 4/16/46.
Armour, Cudahy, Morrell, Swift & Wilson & U.P.W.A. (C.I.O.); A.M.C.B.W. (A.F.L.); Natl. B. of Packinghouse Workers (C.U.A.)	1/17/46	2/ 7/46	16% general increase (about 20%)	Secretary of Agriculture transmitted report to WSB asking approval of 16% rec. Board approved and issued General Approval Order to cover entire industry.	Plants seized by Department of Agriculture 1/24/46 after strike; employees stopped strike only after Secretary of Agriculture promised that WSB approval of fact-finding board recommendations would be requested.
Phelps Dodge, Anaconda, Kennecott; U.S.S. & R.; several smaller companies and I. U. M. M. S. W. A. (C.I.O.)	3/20/46	4/29/46	18.5% general increase less any increase since V-J Day; adjustment of common labor rate; retroactivity to Sept. 1, 1945.	All companies agreed to 18.5% with variations on retroactivity and common labor rate.	Strikes began 1/21/46 and continued throughout hearings; A.S. & R. terminated 6/17/46; Anaconda 4/19/46; Phelps Dodge began 3/20, ended 6/30; Kennecott (not struck); Utah Copper ended 6/22.
Waterfront employers of Pacific Coast and I.L.W.U. (C.I.O.)	4/ 5/46	5/13/46	\$1.37 per hour basic rate for longshoremen and deck workers; equivalent to 20% less one cent.	Parties accepted report and WSB approved.	Union agreed to postpone strike if fact-finding board appointed; strike vote had already been taken showing about 93% for strike.
Pacific Gas and Electric & Utility Workers of A. (C.I.O.)	5/ 9/46	6/14/46	Wage increase in excess of 18.5% offered by company denied; clerical workers got 5% increase effective 10/1/45; additional increases of 3% and 2½% offered by company to physical and clerical workers be retroactive to Nov. 1 and Feb. 1 respectively.	Report accepted by parties.	Majority voted for strike which was averted when stipulation for fact-finding board was signed. Union agreed to accept findings and company agreed not to exercise its right to reject recommendations arbitrarily.
Western Union and Nat'l Coordinating Bd. (A.F.L.); and A.C.A. (C.I.O.)	7/11/46	8/30/46	Nonmessengers, increase in rate to average 16½%; messengers, 10% increase in rates.	9/12/46 — Parties are negotiating on basis of report. Unions indicate approval and company has advised that report is being considered by board of directors.	Parties agreed to appt. of fact-finding board.
Milwaukee Gas Light Co. and Gas, Coke, & Chemical Workers (C.I.O.)	8/ 7/46	Due 9/15/46 (terminal report)	Parties reached complete agreement after several hearings.	Agreement reached before report issued.	Strike called off when both sides agreed to fact-finding. Contract provides Secretary of Labor to appoint another fact-finding board in January if parties don't reach agreement on general wage increase.

¹ Appointed by President.

² Fact-finding board in this case was tripartite; all others were manned exclusively by public representatives.

New Golconda?

Diamond find in Tanganyika arouses speculation on owner's marketing plans. World cartel controls 95% of rough sales.

The dazzling demand for diamonds is spurring interest and activity all the way from Capetown to London and New York.

Diamond shares advanced in London after De Beers Consolidated Mines, Ltd., announced a decision to split each of its £2 10s deferred shares into ten 5s deferred shares and to purchase the remainder of the Consolidated Diamond Mines of Southwest Africa, Ltd., not held by De Beers.

• **Canadian's Discovery**—News of the impending merger of South Africa's two leading diamond producers came as the industry, enjoying an almost hysterical demand (BW—Aug. 17'46, p50), was seeking to evaluate the discovery of a deposit in Tanganyika, formerly German East Africa.

There is some scoffing in the New York trade at news reports estimating that capacity of the find is eight times larger than that of the previous leading producer. But skeptics admit that the report must be seriously considered, since it was confirmed last week by the Tanganyika Dept. of Lands & Mines.

Owner of this new Golconda is a Canadian, Dr. J. T. Williamson. Because of a lack of machinery, production for 1946 is put at \$8,000,000, which is far below the potential. Dispatches say the mine could make Williamson the world's richest man.

• **Individualism**—What excites the diamond trade is the report that Williamson will market his gems independently. Londoners heard that he had refused an offer of \$20,000,000, accompanied by an invitation to enter the Diamond Trading Co. This all-powerful combine controls the price and sales volume of rough stones, thereby setting the basic quotations for gem markets everywhere.

Up to now, no one has bucked the diamond combine and got away with it. King Leopold, the old gray tyrant of the Belgian Congo, tried it and failed. So did the government of South Africa.

There is no indication that Williamson plans to undercut the combine's prices; such a move would be nonsense in a period of overwhelming demand. What the combine has to worry about is the possibility of a new field so rich that its uncontrolled output could flood the market.

• **Effective Monopoly**—The Diamond Trading Co. is a militant monopoly. It stands between the mines and the cutters, doling out the rough stones to the

jewelry trades. Cutters from Amsterdam, Antwerp, or New York may weep and pray and complain that the prices asked are too high. The quiet gentlemen of the trading company do not haggle and do not relent.

The Diamond Trading Co. is a device of the diamond monopoly fathered by Cecil Rhodes, the great British imperialist. It distributes 95% of all rough diamonds, its sales last year reaching an all-time high of \$124,500,000. So heavy was the 1945 demand for both gem and industrial stones that world production was allowed to reach 14,000,000 carats, almost twice the pre-war normal.

• **Guiding Spirit**—Genius of the diamond trust is Sir Ernest Oppenheimer, a business executive in the British Empire style. Oppenheimer was hand-picked to succeed the effervescent Solly Joel, who had been hand-picked to succeed Rhodes.

After the decline of deposits made Golconda, India, a hollow name, Brazil became the important source of the precious carbons. Known Brazilian fields were exhausted about the time Erasmus Jacobs, a small Dutch boy, playing on the banks of the Orange River in 1867 picked up the flashing black pebble which lighted the way to the South African diamond rush.

Just before the First World War, stones were found in the Shiryanga district, where the Williamson mine is situated.

• **Leopold's Defeat**—The Boer War was just an incident in the tempestuous record of his industry, but the combine has always emerged with complete mastery at the vital release point of distribu-

tion. Dr. Williamson is doubtless studying the record.

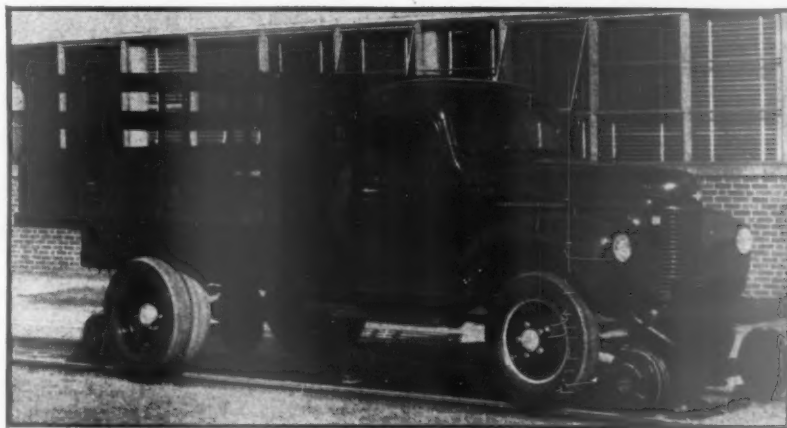
After spectacular raids verified the imperialism of Cecil Rhodes' combine, King Leopold became fearful for fields in his Belgian Congo. He therefore bolstered his position with American backing. Thomas F. Ryan and Daniel Guggenheim—a rugged pair who refused to be pushed around by anybody—became partners in the enterprise.

In 1913 the Belgian group annoyed the syndicate by selling 15,000 carats of rough stones direct to Antwerp cutters.

Meanwhile the shrewd maneuvers of Solly Joel built the British diamond syndicate into an international cartel. The Belgian group ultimately became a happy member of this family.

• **Government Effort**—A few years later the government of South Africa kicked over the traces. In 1927 the Nationalist Party took up the fight of the small diggers against the great corporations. It passed a law giving the government the right to sell stones from all lodes discovered after July 1, 1926. A government agency in Cape Town proceeded to undersell the syndicate. The syndicate stood pat. Without its bids, prices fell sharply, and the small diggers and the politicians acknowledged their defeat.

In 1934 Gen. Jan Smuts' coalition government surrendered to Oppenheimer. It relinquished all sales to the London combine, accepted production quotas for government-controlled mines. Perhaps Gen. Smuts now takes time out from affairs of state to smile at Dr. Williamson and his defiant attitude toward the undefeated combine.



FOR ROAD AND RAILROAD VIA THE ASSEMBLY LINE

Prewar Auto Railers, trucks equipped with retractable wheels for railway travel, were built to specifications. Now, foreseeing enlarged fields of sales for standardized rail trucks, Evans Products Co., Detroit, is building them with mass-production techniques gleaned in filling war orders (BW—May 16'42, p15). Two models are offered: a maintenance of way truck (above) and a station-wagon type for rail inspectors. Chassis are made by International Harvester.

Gas Line Threat

Union opposition halts, at least temporarily, plans to substitute natural for man-made product in Wisconsin cities.

Plans of Wisconsin gas companies to bring natural gas to the state's industrial cities, by construction of a new pipeline from Texas-Oklahoma fields, have run into stiff union opposition.

• **Plant Closing Feared**—Joining coal companies, railroads, and electric companies in opposition are the A.F.L. unions representing coal truckers, coal yard workers, and employees of the Milwaukee-Solvay Coke Co., who fear the coke plant will be closed if substitution of natural for manufactured gas is permitted.

• **\$84 Million Project**—Last week the unions obtained a temporary injunction to block a Milwaukee municipal referendum on the issue at the November elections. Hearings to make the injunction permanent were held this week. Previously the unions appeared before the Federal Power Commission to oppose the new pipeline.

The project calls for the construction of an \$84 million line from the Hugoton fields in Texas and Oklahoma to a point near Detroit, with a branch line to serve industrial cities in eastern Wisconsin, and Madison, Janesville, and Beloit. At present only a small area along the Illinois-Wisconsin border around Burlington and Lake Geneva has natural gas.

• **Three Companies Involved**—If FPC approves, the new line will be built and operated by the Wisconsin-Michigan Pipe Line Co., a subsidiary of American Light & Traction Co. A. L. & T. also controls the Milwaukee Gas Light Co., biggest potential buyer of natural gas from the projected pipeline, and recently acquired Milwaukee-Solvay coke.

The three companies are involved in dissolution proceedings before the Securities & Exchange Commission. In proposals made before SEC, the Milwaukee Gas Light Co. will acquire the coke company from A. L. & T.

The gas company hopes to work out a plan to minimize any labor dislocations of coke company workers resulting from the introduction of natural gas. The company also pooh-poohs fears of the union and coal companies that coal sales and employment will fall as a result of the use of natural instead of manufactured gas. Experience in cities where natural gas has been substituted for manufactured does not bear out their fears, the company claims.

• **Other Hurdles**—In addition to FPC approval, the natural gas proposal in

Wisconsin must surmount two other hurdles. Permission to build the line and distribute the gas must be had from the Wisconsin Public Service Commission, which also controls the rates at which it is sold.

And because of a law passed by the 1943 legislature, permission to distribute the gas must also be obtained from each municipality involved.

The same legislature also imposed a 7¢ per cu. ft. tax on natural gas to be collected by the company.

• **Earlier Attempt Dropped**—The legislative action followed an attempt just before the war to bring natural gas into the state. The W. P. S. C. early in 1942 had granted a conditional permit to the Independent Natural Gas Co. to distribute natural gas to the Milwaukee Gas Co. and other companies in Wisconsin cities. Wartime restrictions on pipeline extensions halted the project, and the permit lapsed.

Earlier, the Milwaukee Gas Co., with one of the lowest manufactured gas rates in the country, had not been interested in using natural because up to then it had been unable to buy it from the pipelines low enough to make it attractive to change over.



RAILROAD TO SUCCESS

This week, 69-year-old Samuel O. Dunn (above) celebrates his 35th anniversary as editor of *Railway Age*. The railroad has been his lodestar during a career that started when, as a school boy, he worked part-time as printer's devil. His first editorial job was with the *Quitman* (Mo.) *Record*; later he became railroad editor of the *Chicago Tribune*. In 1907 he joined the predecessors of *Railway Age*, now is chairman of *Simmons-Boardman Publishing Corp.*, its publisher.

Parts Needed

Farm equipment companies unable to meet demand as old machines work overtime. I.H.C. plans new distribution system.

If farm equipment dealers could get all the replacement parts they want, the industry would be running at capacity.

Primary reason is the rapid increase in farm mechanization. Tractors on farms are an index of this trend:

1930	920,021
1935	1,050,000*
1940	1,567,430
1945	2,425,000

* Govt. estimates; no Census of Agriculture in 1935.

• **Keep on Running**—Also, farm labor is still almost as short as during the war. Farmers must substitute machinery for manpower, at a rate far exceeding the output of new equipment. In consequence they keep old machines running. One manufacturer recently received orders for replacement parts on two tractors of models discontinued prior to World War I.

Because of the farm machinery shortage, old tractors and implements are working far longer hours than in normal times. Owners of newer tractors, combines, pickup hay balers, corn pickers, and similar machines are working for the neighbors. This means greater than ordinary wear.

• **Production Setbacks**—Still another reason for parts demand is that parts production has been cut from two directions. Farm equipment plants have suffered an average shutdown of about three months in 1946 because of strikes of their own employees, not to mention delays caused by suppliers' strikes.

Parts production has also suffered as a hangover from the war. The industry made about 75% of prewar replacement parts while 25% came from other sources—mail-order houses and other "will fit" outfits. Production controls during the war cut the outsiders almost to zero, and postwar shortages of steel have kept them from resuming their former relative importance.

• **Brighter Side**—However, today's demand for parts offers a thumping profit opportunity. Of its 1946 sales volume, estimated by various guessers at \$450,000,000 to \$500,000,000, International Harvester Co. will probably do about \$125,000,000 in parts. This makes parts the largest of the company's major lines, which include farm tractors, farm implements, industrial power, motor trucks, and refrigeration. Anything that represents one-fourth of a half-billion dollar sales total cannot be laughed off.

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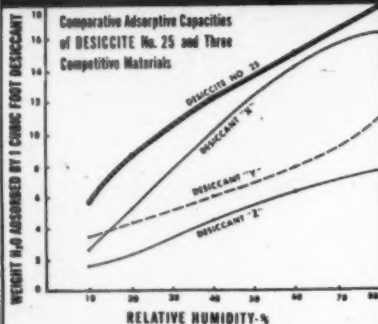
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*Reg. U.S. Patent Office

What's Happening to the Cost of Living

	Food	Clothing	Rent	Fuel, Ice, & Electricity	House & Furnishings	Misc.	Total Cost of Living
August, 1939.....	93.5	100.3	104.3	97.5	100.6	100.4	98.6
January, 1941*.....	97.8	100.7	105.0	100.8	100.1	101.9	100.8
August.....	108.0	106.9	106.3	103.2	108.9	104.0	106.2
August, 1942.....	126.1	125.2	108.0	106.2	123.0	111.1	117.5
August, 1943.....	137.2	129.6	108.0	107.6	125.9	116.5	123.4
August, 1944.....	137.7	139.4	108.2	109.8	139.3	122.3	126.4
August, 1945.....	140.9	146.4	108.3	111.4	146.0	124.5	129.3
September.....	139.4	148.2	108.3	110.7	146.8	124.6	128.9
October.....	139.3	148.5	108.3	110.5	146.9	124.7	128.9
November.....	140.1	148.7	108.3	110.1	147.6	124.6	129.3
December.....	141.4	149.4	108.3	110.3	148.3	124.8	129.9
January, 1946.....	141.0	149.7	108.3	110.8	148.8	125.4	129.9
February.....	139.6	150.5	108.3	111.0	149.7	125.6	129.6
March.....	140.1	153.1	108.4	110.5	150.2	125.9	130.2
April.....	141.7	154.5	108.4	110.4	152.0	126.7	131.1
May.....	142.6	155.7	108.4	110.3	153.7	127.2	131.7
June.....	145.6	157.2	108.5	110.5	156.1	127.9	133.3
July.....	165.7	157.9	108.7	113.3	156.9	127.8	141.0
August.....	171.2	159.7	108.7	113.7	158.1	129.0	143.7

* Base month of NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

keep stocks of slow-moving heavy structural parts at the factory, to keep stocks both of structural and of wearing parts at branch houses, and to encourage dealers to stock the very fast-moving items while relying on the company for anything else needed. Consequence has been fast service to the farmer on the commoner type of breakdowns and maintenance of ordinary wear, but less satisfactory speed if he cracked a differential housing or bent a frame.

Also, slow items have tended to pile up at branch houses and some dealers' stock rooms, cluttering up space and soaking up working capital.

• **New Distribution Plan—I.H.C.** recently embarked on an ambitious building program designed to reshuffle its parts distribution along lines long used by the automotive industry. It is building a million-dollar wholesale service parts depot in Baltimore, with total area of 180,000 sq. ft. and parking space of 24,000 sq. ft. Ten similar establishments are scheduled for completion within five years in other U. S. cities. Two more will be built for eastern and western Canada.

Harvester executives calculate that they can stock complete inventories of all parts at each depot for an average of \$1,500,000. Then, except for such bread-and-butter items as spark plugs and tires, the company can withdraw all stocks now in branch houses and at factories, making an inventory reduction of many millions of dollars.

Highway haulers will make overnight delivery possible from a parts depot to almost any dealer in its zone. Consequence will be better service to dealers and users of the company's equipment.

SOAP FROM PETROLEUM

The trend toward use of petroleum derivatives in the manufacture of synthetic detergents—"soapless soaps" (BW—Apr. 27 '46, p42)—was given added impetus in recent weeks with announcements by Standard Oil Co. of California and Monsanto Chemical Co. that they are producing such substances.

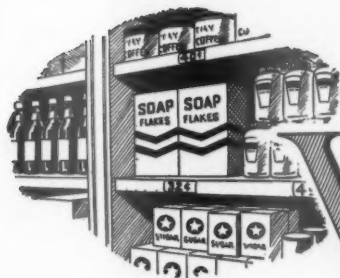
Timing their announcements to hit housewives when the livestock and attendant meat shortage was threatening further inroads on the already-limited soap supply (animal and vegetable fats are basic materials in soap), the two companies reported they already were in full production, would expand output as fast as possible.

Neither is marketing its detergent directly, except to industrial users. Instead, they are selling to established trade outlets for packaging and distribution under various trade names.

Standard's subsidiary, Oronite Chemical Co., is distributing its Oronite detergent, a powdery substance which foams into abundant suds, has all the superior cleansing and wetting qualities claimed for synthetic detergents generally.

Monsanto's Sterox detergent, derived from a petroleum chemical and an organic chemical, is sudsless—which creates a marketing problem since women have long regarded the sudsing quality of a soap as an indicator of its cleansing abilities.

Announcement of these two petroleum-derivative detergents means competition for such products as Ethyl Corp.'s "Ethyl Cleaner." The Ethyl product is a petroleum derivative, too.



**When you buy
“brand name” products, you know what you’re
getting.** But when you buy business insurance coverage,
you must rely instead upon the experience, facilities and
reputation of trained insurance technicians.



JOHNSON & HIGGINS

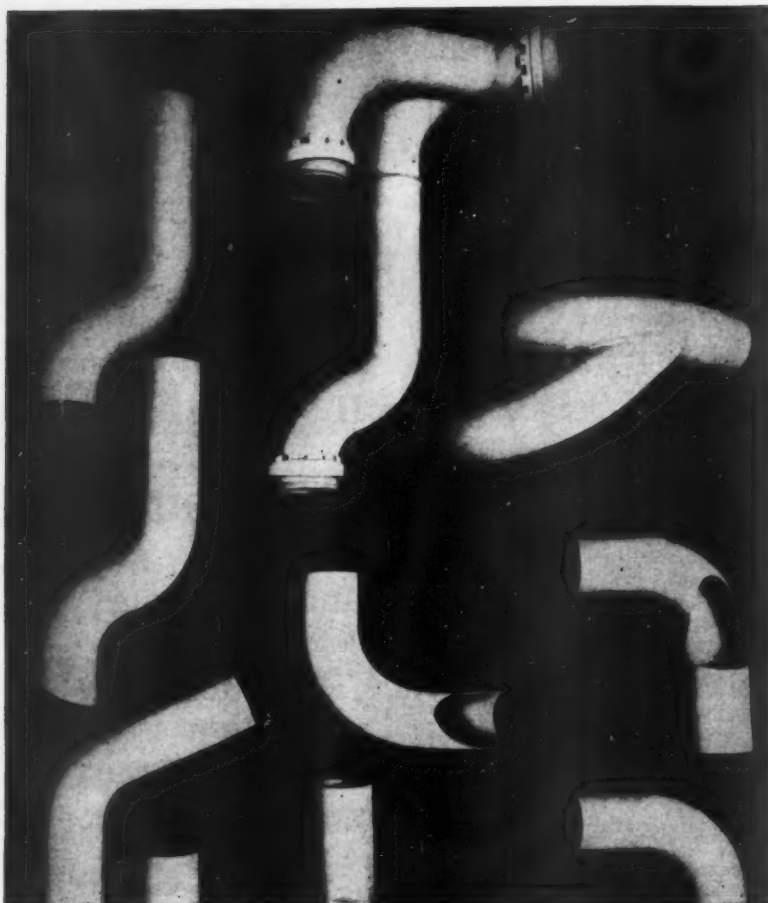
INSURANCE BROKERS

63 WALL STREET • NEW YORK 5

CHICAGO • DETROIT • PITTSBURGH • TORONTO • WINNIPEG
LOS ANGELES • SAN FRANCISCO • SEATTLE • VANCOUVER
PHILADELPHIA • BUFFALO • HAVANA • MONTREAL

For insurance policies are vitally important *business contracts*, and their application is far from standardized. If they are not drawn, negotiated and serviced properly it may cost you thousands of dollars. *J & H can prove this by case histories in every branch of business insurance.* For over 100 years we have acted as intermediary between the insured and the insurance companies, *representing the insured.* Our many facilities and services are at your disposal, without additional charge and with “no axe to grind—but yours.”

BUYERS OF INSURANCE FOR COMMERCE AND INDUSTRY SINCE 1845



TUBES—Big ones! Little ones!

We make them accomplish MARVELS

It's amazing—the business of tube-bending! In 35 years, we have made our tubes do the bidding of designers and engineers in the automobile, aviation, rubber goods, refrigeration, machine tool and radar fields and meet the most exacting requirements as to PRECISION. We are exceptionally well qualified to solve any problems YOU may have—in this intricate kind of work.

Write for booklet on tube bending. It may have a hint on how your production methods may benefit.

**AMERICAN
TUBE BENDING
COMPANY, INC.**

J-8 LAWRENCE STREET • NEW HAVEN 11, CONN.

PRECISION to aircraft standards

Paints Lagging

With demand for exterior finishes at all-time peak, lead and linseed oil shortages keep production at low level.

Paint dealers' shelves are almost bare of pails of exterior paint, and the chances of any real improvement in stocks are exceedingly slim, at least for the next several months. Facing the greatest demand in history for exterior paint, manufacturers find themselves stymied in every direction. All agree that the shortage is the most acute in 25 years.

• **Short on Ingredients**—Lack of exterior paint (plenty of water-mix interior paints are available) is blamed on scarcity of three principal ingredients; linseed oil, lead, and titanium dioxide. Linseed oil and lead are regarded as essential for satisfactory exterior paint. Titanium dioxide is pretty much of a newcomer in paint making, but it has found a ready acceptance by manufacturers because of its high opacity.

The present scarcity of linseed oil in the U. S. stems from the facts that (1) the production of flaxseed in this country (grown principally in the northwest states) has rarely been in sufficient quantity to supply even half of our needs, (2) the existing frigid relations between the State Dept. and the Peron government of Argentina have halted the import of flaxseed or oil from that flax-growing country, and (3) our exporting linseed oil from our meager stockpile to Russia during the war, where it was relished as a food, left our containers empty at the end of the war.

The U. S. Dept. of Agriculture on Aug. 1 estimated this year's U. S. flaxseed crop at about 23,000,000 bu., 6% below the 1935-44 average but 9% better than at first anticipated. Unfavorable growing weather and less acreage planted—farmers prefer the bigger cash crops—are cited as reasons for the crop shortage.

From the 1946 crop an estimated 17,000,000 bu. of flaxseed will be processed for linseed oil, while to meet the present demand a full 55,000,000 bu. would be needed.

• **Deal in Argentina**—In an effort to make up at least a part of this shortage, U. S. representatives have made futile trips to Argentina recently. However, within the past month a delegation, headed by an Englishman, and accompanied by a Dane, a Frenchman, and a Dutchman, reputedly succeeded in buying 120,000 tons of linseed oil in Argentina for which it is reported to have paid a neat 25.5¢ a pound.

U. S. paint makers picked up their ears at this news, especially because

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5, 1946

XUM

"Looking for a new plant location?"



...here's how to get on the right Track!"

THERE is a sure way of getting on the right track in your search for your new plant or warehouse location.

In *complete confidence*, the Erie will supply you with all the facts you need to select an ideal site within the prosperous Erie Area.

When you locate on the Erie Railroad, you are not only on the *right* track for dependable transportation, but also for an abundant

supply of raw materials; accessories and parts; power for every purpose; skilled labor and great consumer markets.

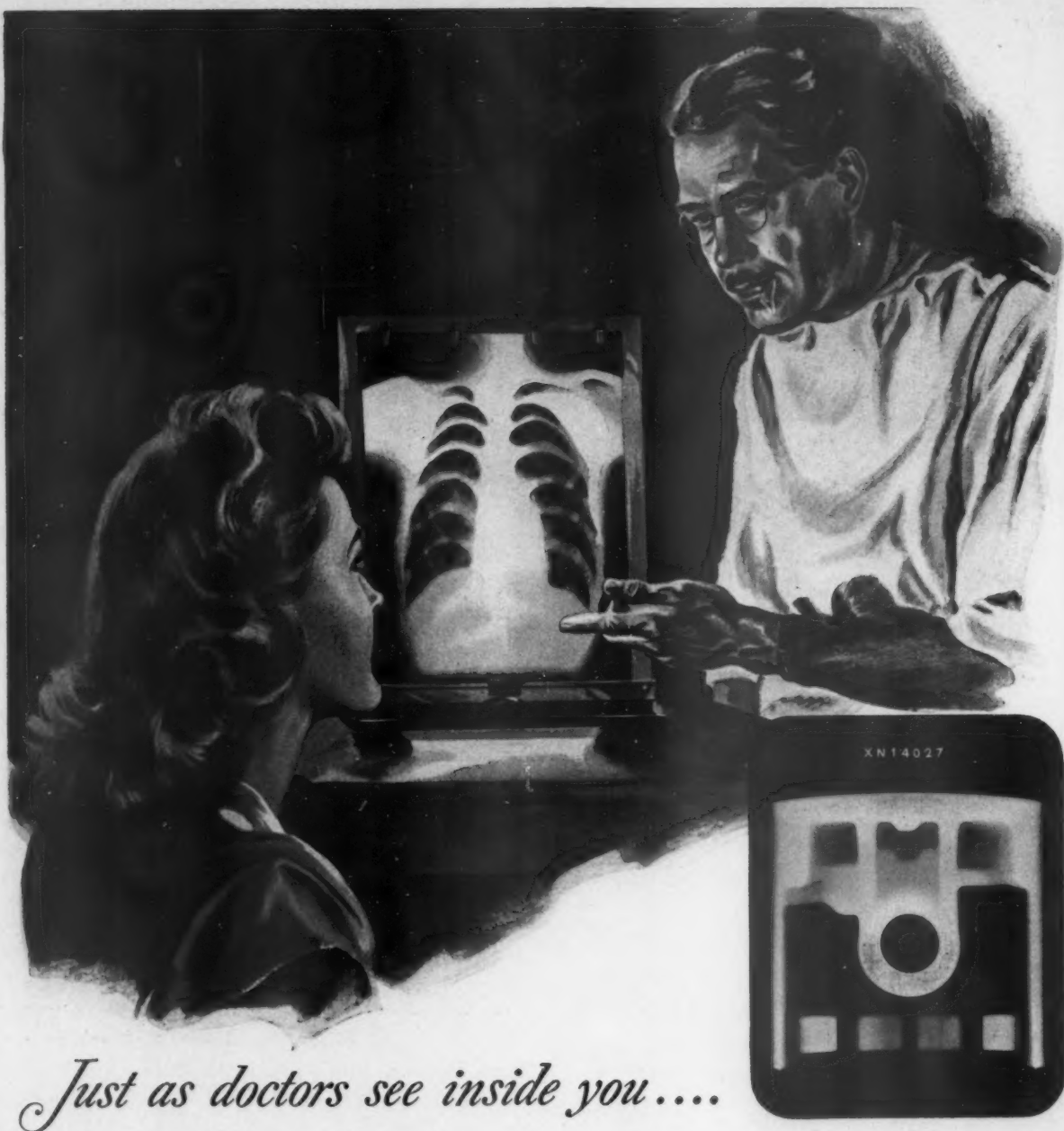
For specific data on these advantages and any other information on industrial locations in any of the zones of the great Erie Area shown below, write A. B. Johnson, Vice President, Erie Railroad Company, Midland Building, Cleveland 15, Ohio.

Erie Railroad

THE ERIE AREA WHERE SKILLED LABOR PRODUCED OVER 42% OF AMERICA'S WAR MATERIALS.



Detailed map and description of the six zones of industrial opportunity within the Erie Area are yours for the asking.



Just as doctors see inside you

At Alcoa foundries we see the unseeable, deep inside aluminum castings. Just as doctors X-ray your body, we peer into metal to see how healthy its insides are.

But we don't wait until we suspect something is *wrong*. We make X-rays to be sure everything is *right* before we go into production. It is another example of the Quality Control which goes into every pound of aluminum we make, whatever its form.

First, trial castings are made with all the art and skill that old hands in the foundry have learned. There is every reason to think they will be good, sound castings. X-rays soon tell us, for sure!

If the pictures show there are defects inside, such

as porous areas that would weaken the castings, we start over. The gates or risers or chills may be changed. Only after X-rays show we are pouring good castings do we set up to produce them. Even then, we X-ray production samples periodically.

Users of aluminum in *any* form, not just castings, get this same, exact control of quality when they buy from Alcoa. For to us, making aluminum is one thing. Making it *right* is another, and *that's* the business we are in, a business we've learned well through 58 years of experience. ALUMINUM COMPANY OF AMERICA, 2104 Gulf Building, Pittsburgh 19, Pennsylvania. Sales offices in leading cities.

ALCOA FIRST IN ALUMINUM





XUM



TOO HIGH TO HURDLE

Chicago's Auditorium Hotel building was literally a house divided this week when chicken-wire barricades went up in corridors and no trespassing signs were posted. The action was taken by Abraham Teitelbaum, attorney, who says he'll remodel his half and disregard any more offers from the new Roosevelt College which owns the other half. Made up of insurgent members of the Central Y.M.C.A. College, the Roosevelt contingent paid \$400,000 for its portion; Teitelbaum values his at \$800,000. And he owns not only part of the auditorium but also all of the freight elevators and the heating plant.

there is a possibility that from 22% to 25% of the purchase may eventually come to the United States. Such a shipment, while a drop in the bucket, would be sufficient to keep U. S. users of linseed oil in operation for about six weeks. Before this linseed oil can be used here all the would-be buyers agree that something must be done about the present structure.

• **Price Situation**—Linseed oil, under OPA ceilings, is now pegged at 17.8¢ a lb., an increase of 3.3¢ in the last two months. Most of this rise was caused by the increase in the price of flaxseed—ceiling on June 30, \$3.35 a bu.; ceiling today, \$4 a bu.

As a result of the increase for linseed oil, maximum prices on paint have also been raised. For exterior house paint, the increase at the manufacturers' level amounted to 12¢ a gal., but the rise isn't nearly enough to allow paint makers to use the comparatively high-priced Argentine oil without loss. How this impasse will be handled is yet to be determined.

Some flaxseed was formerly imported from India, but this year's crop is the shortest since 1942 and an embargo is to be clamped on export. From Argentina will come linseed oil or nothing since crushers have been installed in that country which is interested only in selling the finished product.

• **Substitutes Tried**—With the acute shortage in linseed oil, paint manufacturers have run the gamut of vegetable, mineral, and animal oils seeking an acceptable substitute but with only slight success.

While the increasing scarcity of linseed oil is tending to dry up the production of paint itself, the increasing scarcity of lead is also making itself felt.

Consumption of lead for white lead has been estimated at 100,000 tons per year when normal supplies were available. Production in the U. S. in 1945 was about 385,000 tons as compared with the 647,000 tons for the peak year of 1929. Metal dealers are predicting a shortage of lead for the next five years, with white lead shortage extending over the same period. However, paint makers would be able to get along with considerably less lead for their quality products if they were able to get titanium dioxide.

Titanium dioxide has become scarce because of the wide range of uses found for it during the war years and disappearance of cheap imports from India. Increasing shipments from Norway are helping some, but until plant capacity is greatly expanded to care for the insistent demands from rubber, paper, paint, electrode, and many other manufacturers, there just won't be enough titanium dioxide to go around.

A number of paint manufacturers, some down to 40% of their exterior paint capacity, insist that by the use of bodied oils and a few changes in the manufacturing formula they are turning out an even better product today. There are others who make no such claims. One explained the situation briefly by pointing to his house paint today as manufactured under the government's wartime formula with its 3½ lb. of linseed oil per gal. as the maximum. This paint maker sees that 3½ lb. of linseed oil goes into every gallon, but in the prewar days a full 5 lb. went into every gallon.

• **Drive for Quality**—Unable to do much of a job of stretching available materials, reliable manufacturers are turning out as much paint as their material permits, keeping the quality of their product as near the prewar level as possible.

They realize it would be impossible to fill all of the accumulated orders on their books no matter what the status of their supplies. Many of the orders are duplicates placed by dealers in their frenzy to get something to sell.



Absolute confidence!

THE fireman connects the Those knowing there will be pressure enough to force the water high and far.

Somewhere that pressure is developed and maintained with gauges continuously indicating or recording the pressure.

In most instances, Ashcroft Gauges are chosen for their enduring accuracy. Their superiorities have given them preference in industry; land, sea and air transportation and in public utilities.

This is natural for there is almost a century of gauge design and engineering embodied in every Ashcroft Gauge we produce.

If you use pressure, or are planning to, in any of your processes, give us the necessary facts and we will gladly recommend the right Ashcroft Gauges for your purpose.

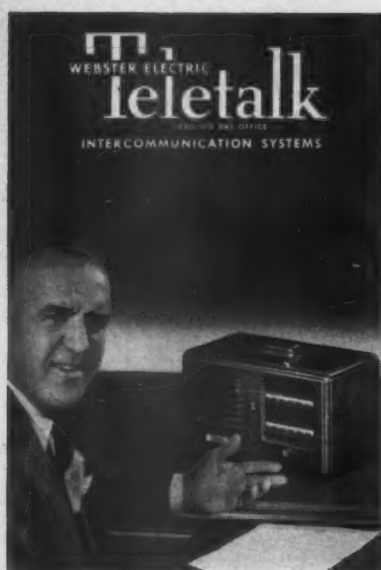
Stocked and sold by leading Distributors everywhere... When you order gauges, insist on ASHCROFT... Write for booklet.



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Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and "American" Industrial Instruments, Builders of "Show-Box" Cranes, "Budgit" and "Load Lifter" Hoists and other lifting specialties.



The Natural Tone Quality of Teletalk is Important

• The wide experience gained by the Graybar organization in recommending intercommunication systems has brought out one outstanding point—natural tone quality is important.

Being able to recognize the voices of those calling you without hum or interference proves the quality of "Teletalk". This is but one of many features that makes "Teletalk" a popular choice.

Available in a number of models, there is a "Teletalk" to meet the requirements of businesses, large or small. It is easy to operate—you just flip a key, and speak into your "Teletalk", or flip several keys and talk to a group at the same time. What could be more convenient?

Call the nearest Graybar branch listed in your phone book where you will be given complete information on "Teletalk" intercommunication systems, along with the name of your nearest dealer. If you don't find a Graybar branch listed, write to the address below.

GRAYBAR ELECTRIC COMPANY, INC.
Graybar Building, New York City



Tradition Upheld

**Sweet-Orr & Co. retains
unique spot as family company,
sticks to work clothing, never
worries about competition.**

Sweet-Orr & Co., the Tiffany of the work clothes industry, holds a unique spot in the dwindling ranks of family-owned corporations. It remains a bulwark against the blandishments of stock underwriters who have recently done a flourishing business selling new issues of historic concerns to the investing public (BW—Aug. 15'46, p57). In maintaining this resistance, the Sweet clan, sole owners of Sweet-Orr, reject a most potent temptation—that of eating your cake and having it too.

The general distribution of new issues during a period of strong demand nets the owners heavy cash profits which are subject to the 25% capital gains tax and not to the much higher percentages of the upper income levies. This reserve is handy to have in the strong box in case of deaths that involve burdensome inheritance taxes. Moreover such sales do not disrupt family control since the owners can retain over 50% of the voting stock or see that the issue sold to the public has no voting rights.

• **Rules Spoil the Fun**—The Sweet family maintains its old position in spite of the fact that it is no fun running such a company these days. In the current celebration of its seventy-fifth anniversary, Sweet-Orr finds itself entangled in the mass of govern-

ment controls that bewilders the clothing trade generally. The OPA ceiling on work clothes is geared indirectly to the price of raw cotton, varies with the monthly jiggle of prices. In the face of these shifting factors it is impossible for Sweet-Orr to put out price lists. Each shipment therefore carries its own prices with the company doing what it can to hold fluctuations within reasonable averages.

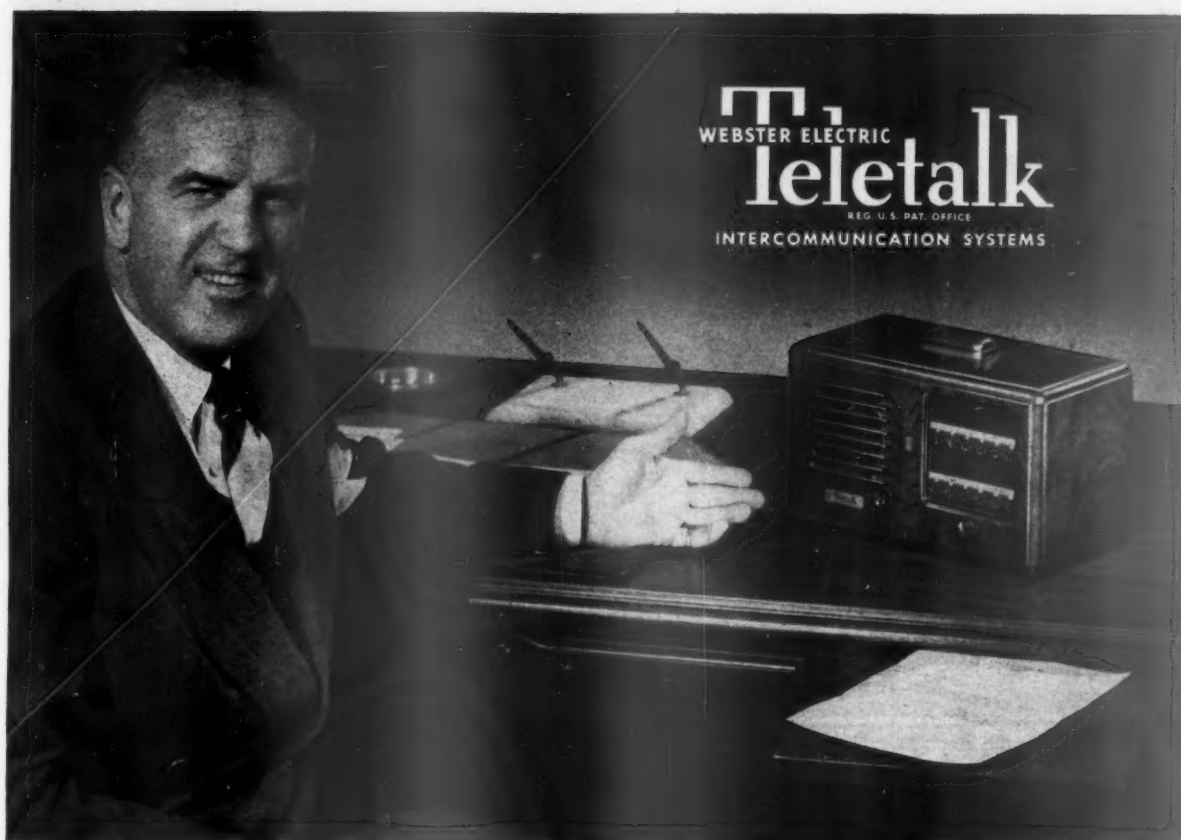
On the other side is the ravenous demand for the company's products, requiring a strict allocation program with old customers getting priority. One ray of promise is the gradual easing of textile supplies. Sweet-Orr is holding off on sales promotion, keeping its advertising within institutional lines. A full-page ad in the Aug. 31 Saturday Evening Post features the tug-of-war trade mark that "grandfather knew" and "75 years of leadership."

• **Encouraged Competition**—Overly insistent demand is a traditional worry of the management. Since the company pioneered the work-clothes business, there was a time when it might easily have dominated the industry. In the early days Clinton W. Sweet, one of the original partners, was harried by customers whose orders he could not fill. He might have expanded his plants. Instead he chose to foster competition. It was not unusual for prospective buyers to wait outside his office while he explained the overall business to a prospective rival or furnished him with styles and patterns.

The Sweets were dignified, old-fashioned businessmen who came into the work clothes industry as a sideline. They belonged to the silk hat and the



In the 1880's, the late R. A. Clarke (left), then Sweet-Orr sales manager, and an aide assumed a genteel pose to demonstrate that you can't rip 'em; basically, it's the company trademark today—only now the tuggers number six.



WEBSTER ELECTRIC
Teletalk
REG. U. S. PAT. OFFICE
INTERCOMMUNICATION SYSTEMS

You Can Tell Who is Calling on Teletalk ...You Can Recognize the Voice

● It's almost worth the price alone to be able to enjoy the natural tone quality of "Teletalk" intercommunication. Even if the party calling didn't state his name, you'd immediately recognize the voice—that's true natural tone.

You'd be surprised how much more pleasant this type of intercommunication is.

Add to this feature the helpfulness of "Teletalk" in saving you time—keeping you in direct communication with your organization, and you have one

of the handiest business machines contributing to office efficiency today.

"Teletalk" is available in a range of models to meet the requirements of large or small businesses. Handsets are available for most models where privacy is desired. The cabinet is attractive and harmonizes with any type of office fixtures. They are easy to operate by just flipping a key.

For full recommendation for the correct type "Teletalk" to meet your requirements, check the intercommunication system listing in your

phone book for the nearest "Teletalk" distributor or dealer. If you do not find him listed, write Webster Electric Company, Racine, Wisconsin.

*Check
your
Phone
Book*
→



Licensed under U. S. Patents of Western Electric Company, Incorporated,
and American Telephone and Telegraph Company

WEBSTER
RACINE



Established 1909

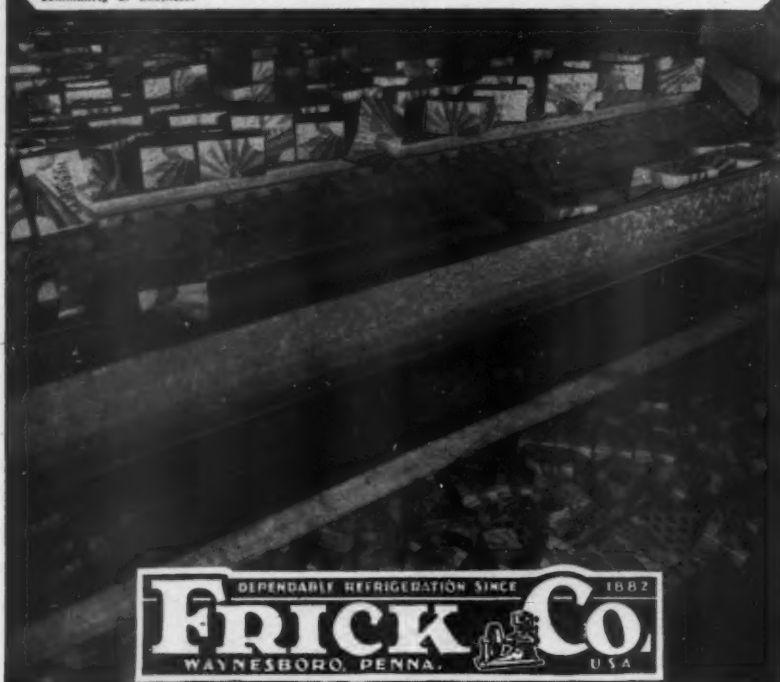
ELECTRIC
WISCONSIN

Export Dept. 13 E. 40th Street, New York (16), N. Y. Cable Address "ARLAS" New York City

Where Quality is a Responsibility and Fair Dealing an Obligation

ICE CREAM IS FROZEN AT 50° BELOW ZERO in this tunnel at the Hershey Creamery Company, Harrisburg, Penna. Double conveyors, 120 feet long, handle the packages on two levels, automatically. Low-temperature air, blown from cooling coils overhead, freezes the product in less than an hour; rate, 180 pints per minute.

Twice enlarged and now in its eleventh year of operation, this Frick-Freezer is still supreme in its field. Consult the nearest Frick Engineer about that quick-freezer, to handle ANY product, needed by your community or business.



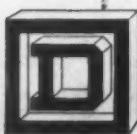
DEPENDABLE REFRIGERATION SINCE 1882
Frick Co.
WAYNESBORO, PENNA. U.S.A.

How Much . . . is inefficient electrical distribution and control costing you?

If it's like thousands of others, your plant's electrical distribution and control system may have taken a terrific beating during war production years. As a result, parts of it right now may be overloaded, poorly located or improperly applied in the light of your present needs. That means a substantial profit leak.

Why not ask your head electrical man to check on this very important segment of your business? If such a profit leak exists, a Square D Field Engineer will be glad to work with him in plugging it.

Field Engineering Service is available, without obligation, through Square D offices in 50 principal U. S. and Canadian cities.



Wherever electricity is distributed

SQUARE D COMPANY



An executive with a talent for work and leisure, Stanley A. Sweet, Sweet-Orr chairman, makes work clothes his vocation, painting his avocation.

Prince Albert school which suggests that they might have been somewhat apologetic toward a product designed to accommodate the sweat stains of working men.

• **No Colossus**—Since they had little trouble with sales, they centered their interests on quality clothes and on the "one happy family" idea in employee relations. It made for what agitators sneer at as "paternalism," but it was paternalism with sincere convictions. This type of conservatism carried the Sweet-Orr name to a point where it became an automatic reflex in the popular mind when overalls were mentioned.

It has also led to a general misconception that this is the colossus of the business. Actually several of Sweet-Orr's 1,200 competitors are much larger—especially those supplying the chain and mail-order houses. Sweet-Orr is basically a masterpiece of moderation. It has only 1,000 employees in its five plants in New York and Pennsylvania. Its total sales are "several millions" and profits are in proportion (actual figures are not made public for competitive reasons).

• **Favors Independents**—Sweet-Orr is a champion of the little retailer. Its outlets are mostly small independents and Army-Navy stores in undistinguished neighborhoods. Of recent years the company has concentrated its sales efforts along the Atlantic Seaboard where the trademark (six huskies trying to pull apart a pair of overalls) enjoys the same acceptance as sterling does on silver.

The mark now identifies some 500

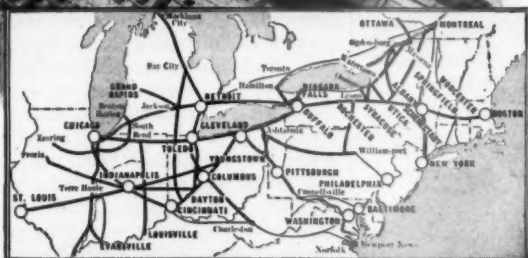


How big is a "Central" location?

NOT ALL the 400 new plants that located on New York Central last year chose the great metropolitan centers this Railroad serves. Indeed, nearly half picked communities of under 25,000. For here, too, fast, efficient, dependable freight service assured them the advantages of a "central" location.

A modern freight fleet of 135,000 cars and 3,600 steam, electric and Diesel locomotives now speeds their products throughout an 11-state market with 52% of the nation's purchasing power, and links their plants with ports handling 80% of America's Atlantic Coast foreign trade. And all these New York Central locations are within economical, short-haul reach of three quarters of this country's bituminous coal and steel production, and the world's largest, most varied sources of raw and semi-processed materials.

Today, this Railroad is putting in service new high-speed merchandise cars, covered hopper cars, and other advanced types of freight equipment. For freight service is getting its full share of the \$100,000,000 program of progress that spotlights the NEW in New York Central...adding new transportation advantages to every "central" location, large or small.



For information about plant sites in this area...
... write or telephone Central's Industrial Representatives listed below. Their files cover a variety of available properties. And they will gladly search out special advantages needed for *your* "central" location.

BOSTON	South Station	A. E. CROCKER
CHICAGO	LaSalle St. Station	H. W. COFFMAN
CINCINNATI	230 East Ninth St.	G. T. SULLIVAN
CLEVELAND	Union Terminal	A. J. CROOKSHANK
DETROIT	Central Terminal	A. B. JOHNSON
PITTSBURGH	P. & L. E. Terminal	P. J. SCHWEIBINZ
NEW YORK	466 Lexington Ave.	W. R. DALLOW

In other cities, contact our nearest Freight Agent.

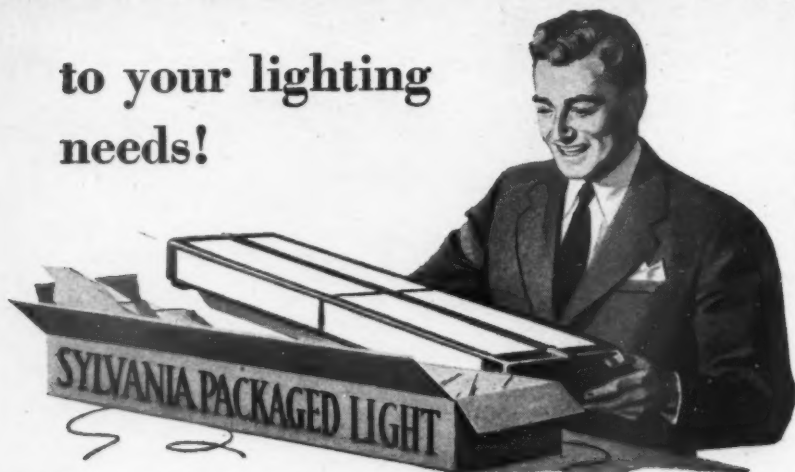
NEW YORK CENTRAL

The Water Level Route



BRIGHTEST ANSWER

to your lighting
needs!



**Fluorescent fixtures, lamps, accessories
in one precision-engineered unit!**

"Packaged Light," as offered exclusively by Sylvania, solves your every fluorescent lighting problem.

1. It gives you better, longer-lasting light at lower cost.
2. "Packaged Light" units, designed for every type of office, plant, and store layout, are now available.

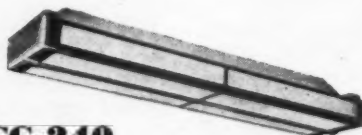
3. Each Sylvania fixture group is built around a single basic design. (Note illustrations below.) Units of different sizes are readily used together, blending perfectly with your decorating scheme.

4. "Packaged Light" units are easy to clean, re-lamp, maintain. Write address below for detailed facts.



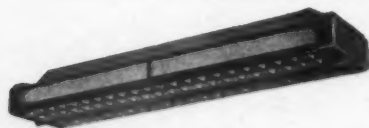
C-240

Two 40-watt unshielded lamps give moderate light intensity where desired.



CG-240

Two-lamp unit with glass diffusing panel. Modern style for stores and offices.



CL-240

Louvers provide low brightness, high efficiency. Favored model for shops, offices.

HIGHLIGHT ON SALES



CP-150

Incandescent spot fixture. Adjustable. Use as is or with "Packaged Light" units.

SYLVANIA ELECTRIC

Sylvania Electric Products Inc., Dept. 6710, 211 Derby Street, Salem, Mass.

MAKERS OF THE WORLD-FAMOUS SYLVANIA RADIO TUBES

different types of garments ranging from plain work shirts and pants to fancy uniforms for commercial concerns and also for Boy Scouts. Gone are the days when a pair of overalls sold to the retailer for 75¢ and to the workman for \$1. A modern item is a two-piece corduroy suit that retails for around \$18—and try to find one.

The present management honors the company fathers. It is run on a system of competent benevolence. At the New York headquarters the phone switchboard breaks all rules for the garment trades. It enthrones no brash young blonde who must intersperse her work routine with wisecracks aimed at buyers draped over her desk. The Sweet-Orr board is in the hands of a woman who has plenty of time for courtesy if not for foolishness.

• **Interested in Arts**—The corner office is shared by Stanley A. Sweet, chairman of the board, and Reginald L. Sweet, vice-president and treasurer. They are sons of the original Clinton W. Sweet. The third generation is represented by young Clinton Sweet, a son of Stanley, who is secretary of the company. Reginald and Stanley's desks are side by side. Each uses a carved, straight back chair entirely lacking in the machinery that allows the typical executive to indulge in leanbacks and dynamic whirls.

The brothers are executive rarities in that they enjoy leisure and know what to do with it. Stanley paints portraits on a strictly noncommercial basis. Reginald is a musician, devoting much time to the piano and to compositions. He eschews the spoon-moon-June type of banalities for classic work. The New York Philharmonic has played his compositions. Once when he was confined with an illness he took up play-writing.

• **Uncle's Idea**—Sweet-Orr executives and employees are proud of each other and of the common traditions. The germ of the industry was developed by James A. Orr, a tailor of Wappinger's Falls, N. Y. He joined the California gold rush, failed to discover any. El Dorado, returned home without nuggets but with an idea. In 1871 men worked in denims sewed together by their womenfolks, or in their old clothes. James Orr was convinced that men would buy a sturdy work garment made for the purpose. Another revolutionary proposal was standardized, numbered sizes. Uncle Jim took his inspiration to his nephews Clinton W. and Clayton E. Sweet.

Both sought to discourage him. But finally they let Uncle Jim have \$300.

• **No Sales Worries**—Immediately Uncle Jim hired six country girls and began turning out quality overalls. When his backers made their first inspection they were aghast to find that he had pro-

duced 900 pairs of overalls without trying to make a sale. Prodded by his nephews, Uncle Jim bundled a load of overalls on his back and hit the road, afoot. In a short time he was back minus his pack.

"Sell 'em!" he cackled to his nephews, "I sold all we'd made and 3,000 more."

The partners knew they were in. While the company grew steadily it had its share of problems. Executives of the company decided for unionization in 1891, seeing an advantage in authorized spokesmen for employee problems. The first charter in the United Garment Workers of America (A.F.L.) was awarded to workers in Sweet-Orr's Newburgh plant. The company has never had a strike. Since Orr's death the Sweets have been in complete control.

• **Sticks to Its Line**—Being what it is, Sweet-Orr has not been tempted to range far afield for new markets. The executives are perfectly willing to let Strauss, Levi & Co. of San Francisco take over the dude-ranch demand with their famed "Levis." Nor are they excited by visions of female orders when they observe bobby-soxers and college gals in blue jeans. They stick to their overalls—which six men can't rip as they demonstrate with tugs-of-war and due publicity at union picnics or other congregations of labor.

WILLOW RUN HOUSING

Kaiser-Frazer Corp. has awarded a construction contract for 300 houses near its Willow Run (Mich.) plant, some of which are expected to be ready for occupancy this winter. They will be offered first to ex-service employees, at prices ranging up to \$10,000. Those not purchased by ex-G.I.'s in 60 days will be made available to nonveteran employees.

One reason for the building program is the reluctance of workers to travel between the erstwhile bomber plant and their homes in Detroit. During the war this handicap was partially met by temporary war housing near the factory.

Eventually, Kaiser-Frazer hopes to build 2,500 employee houses. The completed model community will include paved streets, electric power lines, water supply, sewer systems, storm drains, and fire hydrants. A shopping district and schools are planned.

To get away from possible monotony in the development, the company's planning engineers have designed six different ranch-type houses. Each includes an attached garage with paved driveway, living room, dining alcove, kitchen, complete bathroom, two or three bedrooms, closets, and a utility room equipped with stationary laundry tubs and a hot water heater.



SHOULD THE RIGHT ADHESIVE BE?

Let's look at some individual requirements that must be flexible enough to meet all plant and field variations. A hard luggage adhesive should be easily handled and versatile. It should adhere vulcanized fiber to plywood . . . 'draw on' leather to wood, fabric, paperboard, etc., . . . bond wood molding inside sample cases . . . laminate multiple plies of veneer before shaping under heat and pressure . . . and offer exceptional resistance to weather and fungus. A soft luggage adhesive should leave bonded leathers and treated fabrics with an outstanding softness and pliability.

An upholstering adhesive should provide adequate tack and speed for hand adhering cloth to cloth, chipboard, wood, wadding, etc. It should be free from residual odor and any tendency to penetrate and stain light fabrics.

A labeling and overcoating adhesive should bond to wood, fiber, painted steel, tin and glass. It should be weather-proof, vermin-proof, age-proof.

It doesn't matter whether your adhesive problem is a run-of-the-mill packaging, converting, assembling job or a brand new postwar problem. National is interested in creating an adhesive formula that will meet your individual requirements . . . provide sufficient flexibility for material and commercial variations . . . withstand all extremes of shipping and consumer uses. Your inquiry is invited—now!



Dunellen Plant

• Offices: 270 Madison Avenue, New York 16; 3641 So. Washenaw Avenue, Chicago 32; 735 Battery Street, San Francisco 11, and in other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.

National
ADHESIVES

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE

Fertilizer Fight

Trade association hires co-op official to lead campaign against government competition. Several cooperatives aid drive.

In the current conflict over growing government competition, fertilizer manufacturers are drawing allies from the farm cooperatives, a group generally arrayed with the opposition.

On top of that, an important and representative segment of the fertilizer industry, the National Fertilizer Assn., has named a veteran farm co-op official as its new president. He is Maurice H. Lockwood, who for 20 years was an executive of the powerful Eastern States Farmers Exchange.

• **Important Factors**—The N.F.A. has the greatest numerical strength, 480 members in the fertilizer field (its association rival is the American Plant Food Council, which has about 40 members but is nearly the same size if measured by tonnage output). The count-off shows 30 farm co-ops in the list of N.F.A. members. Several of these are powerful regional organizations which are certain to prove important in the current political campaign to increase government production of fertilizers.

In a New York conference last week, Lockwood surveyed the enemy positions and indicated his line of battle.

The industry's struggle with federal competition dates back to World War I and the Muscle Shoals development which sired the Tennessee Valley Authority. In this case it was a question of diverting a plant, built with tax money for the production of war chemicals, into the peacetime fertilizer business. Today the industry is concerned less with the diversion of plants built for World War II than with the new political projects that would put Uncle Sam into fertilizer manufacture on a large scale. Involved is a strong play for the farm vote by interested members of Congress. They are capitalizing on the emotional appeal of threatened famine and the need for greater food production to rally public support.

• **Test Farm Idea Blocked**—TVA's fertilizer program represents a major setback for commercial interests, who won a victory, however, in the defeat in the last Congress of the Hill-Bankhead and Flannagan bills, which were sponsored by the mighty American Farm Bureau Federation. This organization has served official notice that the repulse is temporary. Lockwood is bracing his forces for the introduction of similar legislation which backers have announced for the coming (January) session of Congress.

The Hill-Bankhead-Flannagan proposals were advanced behind the camouflage of a "test-demonstration program." Under the bills, 75 test-demonstration farms would have been set up in each of the nation's agricultural counties. The N.F.A. estimates that this would have meant free fertilizer for 150,000 farms and a supervision staff that would have added a possible 6,000 federal jobholders.

Government plants were to produce the fertilizer. Within five years these plants were to be disposed of to farm co-ops, on 50-year leases. For operation thereafter, the Farm Credit Administration was to make loans to the co-ops at 2½% and to provide ultimate purchase money up to 90% of the appraised value.

• **Not Unanimous**—In another move the Farm Bureau Federation made an unsuccessful attempt during the last Congress to slip through an additional

government fertilizer plant as an amendment to an appropriation bill. It called for an initial expenditure of \$3,000,000, with a possible total of \$7,000,000. This project was to be built at Mobile—by a coincidence in Hill's and Bankhead's home state.

These economic forays are cheered by farm groups which are always urging more and sweeter government sugar-tits. But Lockwood points out that the backing is by no means unanimous. The handout is generally opposed within the Grange and the National Council of Farmer Cooperatives.

• **Opposed Government Aid**—To get at the heart of the matter, the council created a special fertilizer committee. Its final report opposed wide government aids, recommended that U. S. fertilizer ventures be kept within the research and pilot-plant limits. The co-op council did not adopt this stand as official policy but did broadcast the

MAKING WATER WORK

Operating somewhat on the principle of the cream separator, the Humphrey spiral concentrator (right) attracted widespread attention recently at the Denver convention of the American Mining Congress' western division. It has been used commercially since 1943 for separation of gold and other minerals. There are no moving parts in the concentrator; water and centrifugal force do all the work. In commercial application the spirals are installed in batteries, as in the Humphreys Gold Corp. plant at Jacksonville, Fla. (below), where rutile, ilmenite, and zircon are recovered. Other uses for the spiral include washing anthracite silt and treating lead-silver-zinc tailings.



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Yes, when one businessman asks another: "Which company will do the best job for me on all insurance covering employees?"...

The most frequent answer is: "The Travelers."

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Because it means better handling of all the complex and varied forms of employee insurance. Travelers men are experienced and have the background that can be found only in an organization which pioneered in Workmen's Compensation and Group Insurance.

Because lower insurance rates, as well as employee and public good will, often result from the safety engineering and sickness prevention services of The Travelers.

Because you and your business organization benefit from the intelligent handling of employee claims. The broad ex-

perience of Travelers claim men is a definite help to you at all times. The Travelers country-wide organization may be of untold value at any time. These Travelers claim men each year pay more than half a million employee claims which involve injury, illness, death, surgery, and hospitalization.

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committee findings to its membership.

The Mobile plant proposal was voted down in the House on last July 12, a few days after Lockwood was elected the first paid president of the N.F.A. This long, lean Connecticut Yankee is well fitted to lead a drive that centers on fertilizers and farm co-ops. He was fertilizer research manager of the Eastern States Farmers Exchange. Also he was chairman of the N.F.A. board. In that capacity he combed the country for a full-time president. One day when he reported his inability to sign up the ideal leader, he found his fellow board-members gazing at him with an ominous concentration.

"We've made up our minds," they told him. "You're it, Lockwood."

• **Far Above Prewar Peak**—The split in the ranks of the farm co-ops is a telling argument against the pork pie bloc. One of Lockwood's major jobs is to exploit this situation. None of the 30 co-ops



GARB FOR BARBS

Oil explorers, who venture into South American jungles where Indians are as likely as not to take pot shots at them with poisoned arrows, believe they have a find in the Army's protective jacket (above). Made of Doron—a plastic resin laminated with fabricated glass—it weighs only 7½ lb., an important factor in the humid tropics. Piece de resistance is the tail-piece, a deterrent against the Indians' proclivity for posterior targetry.

siding with the commercial producers manufactures fertilizers. Many of them make fertilizer mixtures and some sell plant food to members. In addition to Eastern States, some of N.F.A.'s important co-op members are: Georgia Cotton Producers Assn., Midland Cooperative Wholesale of Minnesota and Wisconsin, Pacific Co-op Supply operating on the West Coast.

N.F.A. members represent some 1,100 plants scattered all over the U. S. They have 24,000 employees. Production in 1945 was 13,200,000 tons, and expectations for 1946 are 14,000,000 tons. This exceeds prewar peak production by 70%. At the farm price level sales amount to about \$500 million annually.

The N.F.A. tells the farmer that their commodity is the cheapest he buys, that for every dollar he pays for fertilizer he gets back \$5 to \$6 in greater production and higher quality crops. It states that wider use of fertilizer has added 20% per acre to farm output. To emphasize what this means, the association asserts that without modern fertilizer practice, the U. S. farmer would have to spend an extra billion annually for labor and machinery to cultivate an additional 78,000 square miles of crops. That equals the combined area of Iowa, New Jersey, Connecticut, Massachusetts, Delaware.

In answer to the clamor for lower prices, the N.F.A. claims that since 1914 fertilizers have risen only about one-fourth as much as have all equipment and commodities bought by farmers. During the same period the plant food value of fertilizers has increased 35%.

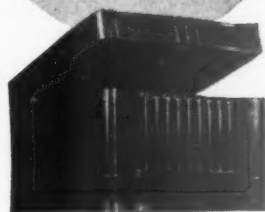
• **Plants Taken Over**—The threat from Washington is the only one severe enough to keep fertilizer men tossing on their pillows. About a dozen U. S. nitrogen plants were built to make war explosives. Six of these have been taken over by private corporations, some on leases but mostly by purchase. All of them are being reactivated for fertilizer and by next April will be turning out 70,000 tons a month.

This government tonnage won't compete with private sales on the home front because it is destined for war-ravaged countries. Just as tractors are sent by UNRRA to help foreign farmers regain their former crop volume, so fertilizer will be shipped abroad to boost per-acre yields.

The three leading chemicals for enriching farm lands are nitrogen (mostly from ammonium sulphate), phosphates, and potash. Government allocations apply only to potash. Reason for this is that Germany with 80% to 90% of the world's potash deposits is now producing only an estimated 30% of capacity. That is only a guess, since the main German deposits are in the blacked-out

PLAIN TALK ABOUT PLASTICS

how big
can you mold
a plastic?



The answer used to be, "around a pound."

Now, take a look at that Admiral 13 lb. 9 oz. two piece radio-phonograph cabinet!...compression molded with Monsanto's thermo-setting phenolic, Resinox, by Molded Products Corp., Chicago.

Entirely practical and economical...it's another example of what Monsanto's progress in plastics research, combined with the skills of molders and die-makers can create. The handsome walnut color and lustrous finish are molded in. So are design detail, fittings and parts, thus eliminating extra machining and assembly costs. The cabinet is strong, hum-less, light in weight, beautiful.

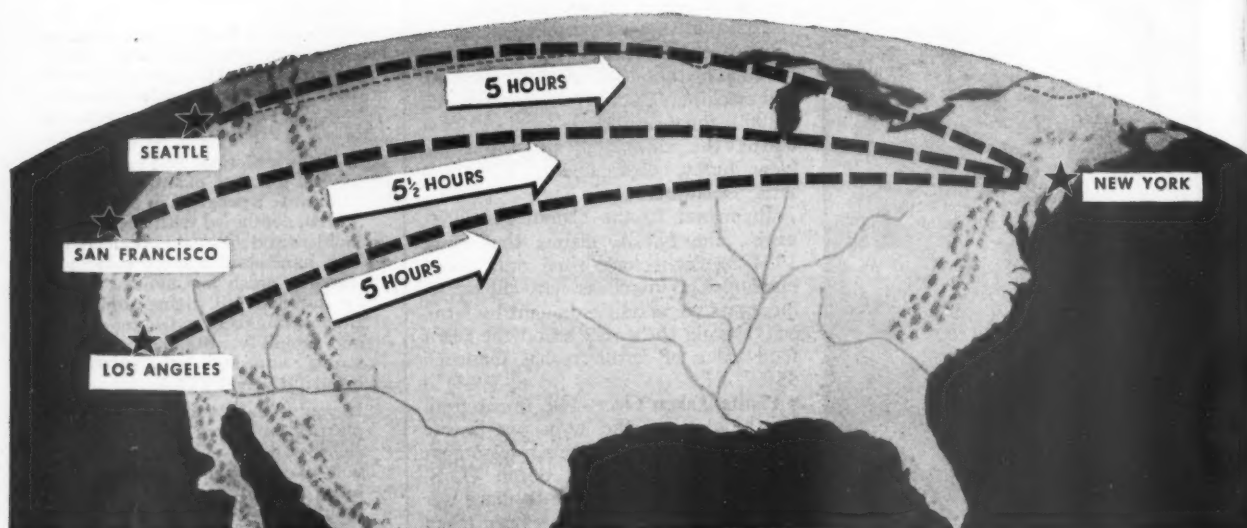
If you've been thinking of molded plastics in terms only of bottle closures, combs, etc....it will pay you to investigate Resinox, now being molded into large radio and machine housings, toilet seats, washing machine agitators, auto and electrical parts. For full details see your molder or write direct: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Mass. In Canada, Monsanto Ltd., Montreal, Toronto, Vancouver.

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Here's the kind of long-range, high-speed, nonstop service that America is looking for



Think what flying times like these will mean to you—for business, for pleasure!

EAST-BOUND

Pacific Coast

to New York 5¼ hours
to Baltimore 5 hours
to Washington 5 hours
to Boston 6 hours
to Chicago 4 hours
to Detroit 4½ hours

Gulf Coast

to New York 2¾ hours
to Baltimore 2½ hours
to Philadelphia 2¾ hours
to Boston 3½ hours

WEST-BOUND

Because of the 3 hours' difference between Eastern and Pacific Coast Time, you'll be able to—

Leave New York after breakfast—have lunch in Los Angeles, or San Francisco, or Seattle. The same will be true, West-bound, of Boston, Philadelphia, Baltimore, Washington, Detroit, or Chicago.

NORTH—SOUTH

Chicago

to New Orleans 2 hours
to Houston 2½ hours
to Miami 2½ hours

New York

to Miami 3 hours
to New Orleans 3¼ hours
to Houston 4 hours

PAN AMERICAN



New, million-dollar Clippers to offer new luxury comfort at Pursuit-Plane Speeds . . . nonstop Coast to Coast, border to border

You who travel by air *know* how much faster you can reach distant destinations today than you could just a few years ago.

Yet even with the fine equipment offered by the airlines of 1946, today's demand for still faster, nonstop trans-continental schedules direct to the Coast cannot be met.

Pan American, the pioneer U. S. air-

line in long-range flying development, has been taking practical steps for some time to meet this demand.

Next year, assuming that authorization is obtained from the Civil Aeronautics Board, Pan American will put into operation an entirely new kind of Clipper which will offer nonstop, Coast-to-Coast flights *at Pursuit-Plane Speeds!* Other high-speed, long-range schedules will be offered too (please note map below).

The "Clipper Rainbow" (shown above) and her sister ships, will be the fastest planes ever to offer commercial flights . . . faster by more than 100 miles per hour than any transport plane in service today. They will be comfortable, too, with roomy, luxurious interiors, sound-proofed, and air-conditioned to provide living-room comfort at high altitudes.

Pan American first to offer these planes

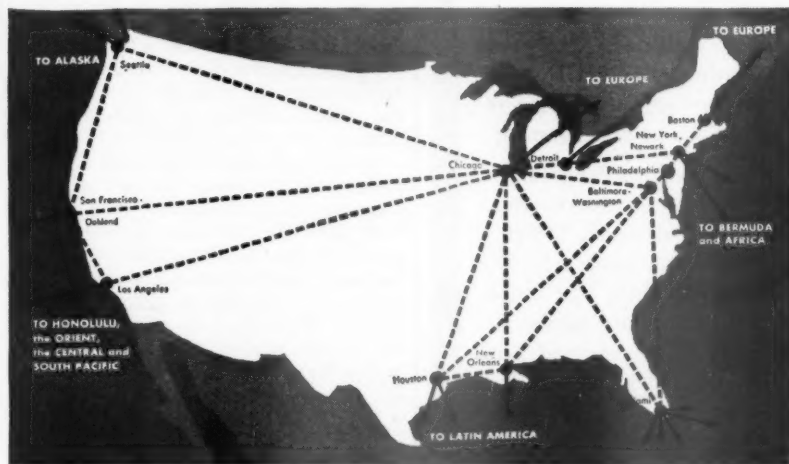
Nine years before any other U. S. airline, Pan American bought and operated four-engined planes. Again, foreseeing the need for still better equipment in the postwar era Pan American was the first to place orders for planes of this type . . . and will be the first to receive them.

Surprisingly enough, the cost of this pursuit-plane-speed type of air travel will be actually *lower* than present Coast-to-Coast and other domestic fares.

★ ★ ★

A PIONEER COMES HOME!

In line with the Government's postwar policy which permitted U.S. domestic airlines to operate abroad and which would permit the pioneer overseas system to operate domestically, Pan American ordered revolutionary aircraft never before available. Thus Pan American will be able to provide high-speed, nonstop service between distant cities within the United States. This map shows the proposed routes which will bring to the domestic field the "know-how," the trained personnel, and the competitive spirit which has helped Pan American win first place for America in the international field.



This map shows, greatly simplified, the integrated plan for providing nonstop service between the cities which Pan American's overseas organization is already authorized to serve.

WORLD AIRWAYS



The System of the Flying Clippers

A Simple WAY TO MAKE ENDS MEET



MagniLastic OFFSET JOINTS

At last a scientifically designed unit is available to correct an adverse piping condition: parallel misalignment or offset between pipe sections. Makeshift measures that can severely strain an installation are no longer necessary. Once a custom unit only, MagniLastic Offset Joints can now be supplied direct from the new MagniLastic catalog, in standard design but for any pipe size and offset requirement.

Wherever piping is installed, misalignment between adjacent terminals may exist. This can be due to accumulated tolerances in successive piping sections, to settling or shifting at anchored points and hangers, or to variations in operating conditions. In addition to "making ends meet," Offset Joints protect valves, headers and fittings from undue strain or tension due to misalignment.

MagniLastic Offset Joints are supplied with bellows flanges from any of the standard MagniLastic Expansion Joint pressure series. These include vacuum to 25 psi Copper, 55 psi Monel, 150 psi, 400 psi, and 1000 psi Stainless Steel. Pipe sizes range from 1/2 to 24 inches. End fittings may be specified either Van Stone Standard flanges or welding ends. Length of unit and number of bellows flanges depends on offset condition to be corrected, but is easily calculated from data given in the catalog. We shall be glad to send you a copy with our latest revisions. Please request Catalog 211 M.



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Russian zone. Since the U. S. depended largely on German imports, this country will be short until Germany resumes normal shipments. There are domestic sources in California, New Mexico, and Utah sufficient for perhaps a century, but the trade is willing to conserve this for emergencies by continuing to buy from the Germans.

• **Room for Both**—Lockwood and his aides do not fret over the hot-eyed rocking chair zealots who are currently attacking chemical fertilizers. These crusaders charge that overuse or too lengthy indulgence in strong chemicals injure living organisms in the soil. They exhort farmers to return to the farmyard manure pile and the plowed-in green fertilizer of their ancestors. Such enrichers, Lockwood retorts soothingly, have their place alongside commercial fertilizers but should not be adopted exclusively.

Billions Waiting

Public works by nonfederal agencies totaling \$1,400,000,-000 ready to start when building conditions permit.

States, cities, counties, and towns are ready to go ahead on \$1,400,000,000 of public works construction as soon as conditions permit, according to a canvass by the Federal Works Agency.

• **Planning Completed**—The total is especially significant because it includes no federal-aid work, such as the extensive highway programs and the huge amount of construction scheduled by the Army Engineers and the Bureau of Reclamation. It is made up of more than 5,000 local jobs, on which detailed plans have been completed.

A report shortly to be issued by the Federal Works Agency also reveals that local government units are going ahead with plans for additional projects estimated to cost \$1,300,000,000. In this instance, the federal government has put up \$32,000,000 to defray part of the cost of planning. In addition, FWA has requests pending for planning funds representing another \$1,300,000,000 of nonfederal public works construction.

• **Utilities in Lead**—Of the \$1,400,000,000 of local work which can be started as rapidly as the housing program and the squeeze on construction supplies let up, more than \$500,000,000 consists of sewer, water supply, and sanitation facilities. School projects account for \$300,000,000, hospital and health facilities for \$73,000,000, and other public buildings such as municipal centers and city halls for \$117,000,000. The rest is spread over street and bridge construction, parks and recreational facilities.

NO.5 THE PUZZLE OF THE VANISHING DOLLAR?



Get this! Three gents put up at a hotel, paying \$30 rent in advance. Shortly afterward the clerk discovers that he has overcharged them \$5, so he sends that amount back by the bellhop. But the bellhop, a weak character, returns only \$3. Now the men have paid \$27 and the bellhop has \$2 — making a total of \$29. What became of the extra dollar?

And a very appropriate little problem, too. For many's the dollar that's vanishing, these days, in seemingly simple operations.

Metal turning costs are a problem. The chances are that turning accounts for 25 per cent or more of all machining time in your plant.

There are cases in our files of savings of hundreds of dollars a month in the manufacture of a single part by the use of Jones & Lamson machines. Our machines are designed specifically for the most efficient use of carbide tools which can remove metal 200 to 500 per cent faster. We have solved many tough cost problems. Solving them is our business.

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Mining Money-Savers



Since explosives were Hercules' original interest, it is natural that mine and quarry operators still should look to Hercules Land for the latest im-

provements and economies in these products and their application.

Through the years, Hercules' extensive research, strict manufacturing control, and wide knowledge of field conditions have resulted in a group of products to meet every blasting need. These range from high explosives for underwater use to "permissibles" for coal mining, and special dynamites for oil prospecting.



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FOR INDUSTRY**

AVIATION

Air "Subsidies" Hit

Rochester controversy sets off renewed criticism of public expenditures for construction and maintenance of airports.

Both governmental sources and competing transportation services in recent years have emphasized the thesis that airlines are not paying the full cost of their operation. Specifically, they accuse the air companies of receiving what amounts to a subsidy through municipally operated, tax-supported airports and federal government operation of such safety features as emergency landing fields and radio beacon systems.

Proponents of this view point out that such subsidies were necessary and proper in the days when air transportation was an infant industry, just as subsidies of various types were given to the growing railroad industry in the middle of the last century. But now,

these advocates say, the airlines have reached adulthood and should be required not only to forego future subsidies, but also to contribute a greater share of the nation's tax revenues.

• **Rebuttal**—The airlines strenuously deny they are receiving any concessions to which they are not legitimately entitled. The Air Transport Assn. asserted recently that scheduled airlines account for less than 25% of the total utilization of major airports, nonscheduled lines and private flyers making up the rest. The association also points out that a large percentage of federal expenditures goes into intermediate landing fields, beacon lights, and low power fan markers, which are seldom if ever used by the larger airlines.

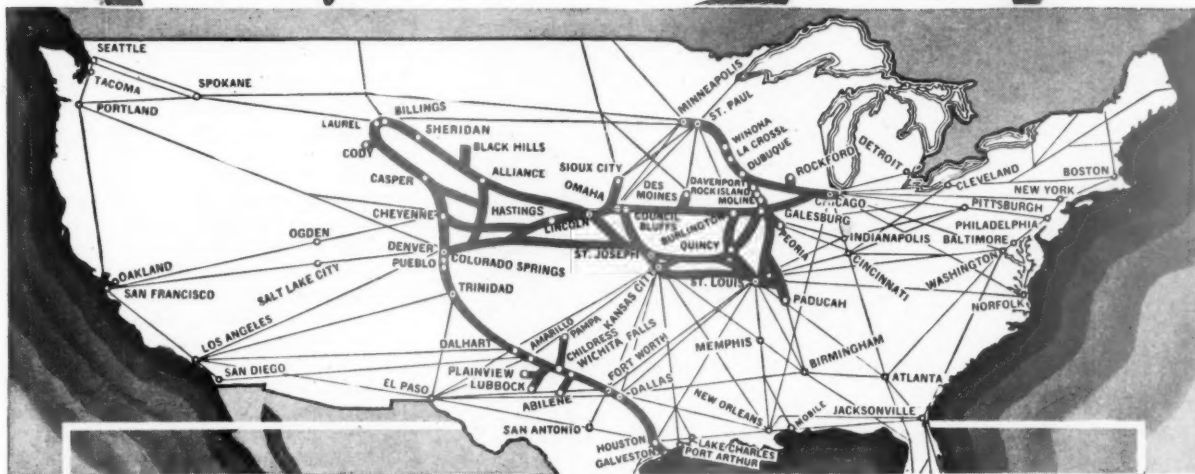
The controversy is illustrated by recent developments in Rochester, N. Y.: The runways at the city's municipal airport are not adequate to accommodate the four-engine, 50-passenger planes now being used increasingly by major airlines. The city government is being deluged with demands that something be done, both from local interests that want to



TO PICK UP MAIL AND INFORMATION

Army helicopters settled this week on Chicago's Merchandise Mart (above), one of the stops in a United States Post Office test of aerial mail pickup in the Windy City area. For three weeks the 'copters will fly three suburban loops: a northern one with 16 stops, a western one with 15, and a southern route with twelve. From the Chicago Municipal Airport a shuttle circuit of ten trips daily will service the main postoffice and the Merchandise Mart. Inauguration of the test was timed with the arrival of a "flying postoffice," operated by United Air Lines which has applied to Civil Aeronautics Board to set up a similar helicopter service (BW—Jul.27'46,p46). The test will provide CAB background data for its study of like applications.

MEMO TO: INDUSTRIAL MANAGEMENT
*Are you mapping your
 plans for a Western
 plant location?*



**THIS MAP MAY LEAD YOU TO THE SPOT YOU'RE
 LOOKING FOR . . . INVESTIGATE and COMPARE!**

It takes a lot of things to make a good plant location. Some, like availability of resources and power facilities, are pretty obvious. Good transportation, of course, is a *must*. Other factors, less tangible, are every bit as important. The spirit of a town or city, for example. The caliber of available workers. The attitude of folks toward their work.

A lot of industries are locating in this potent Burlington area because it seems to stack up best on all of these counts. Naturally, we of the Burlington want to interest industrial

people in this territory—to work with them, before and after they've moved in. For, in great measure, our prosperity parallels the prosperity of our industrial neighbors. That is why our Department of Industry and Agriculture maintains a constant program of cooperation in matters pertaining to plant location and transportation service.

J. B. LAMSON, *Director,*
 Department of Industry and Agriculture,
 547 West Jackson Boulevard, Chicago 6, Ill.

BURLINGTON LINES

CHICAGO, BURLINGTON & QUINCY RAILROAD • COLORADO and SOUTHERN RAILWAY • FORT WORTH and DENVER CITY RAILWAY
 THE WICHITA VALLEY RAILWAY • BURLINGTON-ROCK ISLAND RAILROAD

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for Distinctive *Letterheads*

A business letter is more than just a message. It's an ambassador of good will from your firm to theirs. That's why it's good business to use Hamilton Old Treaty Bond for your letterheads. This fine, rag-content, bond paper gives your letters a lift . . . adds sparkle and distinction to every message that leaves your office.

Old Treaty Bond is available now to your printer. Let him show you how to improve the looks of your business correspondence.

W. C. Hamilton & Sons, Miquon, Pa.

HAMILTON PAPERS



be sure that Rochester will, in the words of one of the city's newspapers, "keep pace with the air age," and from the airlines themselves.

• **Sharing Proposed**—The city is moving slowly. Two appropriations of \$100,000 each have been made for purchase of additional land and hangar construction. The city planning commission is studying the lengthening of runways and the construction of a new administration building.

But City Manager Louis B. Cartwright and Commerce Commissioner Harold MacFarlin feel that the airlines should be willing to shoulder a fair share of the cost. They agree that the city is bound to make some capital investment for expansion of the field, but assert that air travel has long since passed the point where complete government subsidy for airports is necessary.

MacFarlin points out that there is considerable inequity in the fact that railroads, in hot competition with the airlines, build and maintain their own stations and pay heavy taxes on them to the city, while the airlines' "station" actually costs the city money both for its construction and for its maintenance.

• **Long Memory**—Some of Rochester's reluctance to incur heavy expense for airport expansion may be traced to official recollection of the city's experience with railroad expansion in the last century. At various times between 1850 and 1890, considerable money was raised through bond issues to help finance construction of railroads into the city, to elevate tracks running through the center of town, and to lend support to railroads in financial difficulties. Some of the debt thus incurred is still outstanding.

There seems little doubt that the necessary airport expansion will eventually be completed. Whatever the city spends is likely to be matched by federal funds, under the McCarran bill (BW—Mar.30'46,p19). But if Cartwright and MacFarlin can persuade the airlines to contribute a good share of the expense, an important precedent may have been established.

FEEDER LINE MAPPED

Monarch Air Lines of Denver, new western feeder line covering the region between Salt Lake City, Denver, and Albuquerque, N. M., has started proving flights and expects to begin commercial service early this month.

The line will use Douglas DC-3's seating 16 or 18 passengers in place of the usual 21, to facilitate the 13,000 ft. to 14,000 ft. altitude flying required over much of the route, and for greater flexibility in handling passengers or cargo. First route will be Denver to

Durango, Colo. Later routes will run from Denver to Grand Junction across central Colorado, Denver to Grand Junction across northern Colorado, and Salt Lake City to Albuquerque. The line plans to have male cabin attendants.

Monarch's principal stockholder is F. W. Bonfils, business manager of the Denver Post. Ray Wilson, old-timer in the flight and charter business, is the minority stockholder.

Trimotor Returns

Northrop Aircraft produces a successor to Ford transport plane. New carrier is designed for Latin American duty.

For more than ten years after they vanished from U. S. airways in the early thirties, Ford trimotor transport planes were still unbeatable as cargo carriers in Central and South America. Too slow, too noisy, and too expensive for U. S. airlines, they were nevertheless, in the eyes of some operators, the best cargo planes ever built. When they passed from U. S. service so, too, did the trimotor design for transports.

Now it is back. Northrop Aircraft, Inc., chiefly noted for its unorthodox XB-35 flying wing bomber, has unveiled a wooden mockup of a three-engined transport, the Pioneer.

• **Looking South**—Called the first U. S. transport aircraft specifically designed for the export market, the Pioneer is aimed at the part of the world where the Ford scored its biggest success.

Origin of the Pioneer can be credited to Jack Frye, president of Trans-World Airlines, which controls TACA airways, Central America's biggest cargo carrier. Frye is convinced that the largest single field for aviation expansion is freight carrying in Central and South America. The plane he envisages for that job has three 600-hp. or 800-hp. engines, any two of which can take the plane off and keep it flying. It has nonretractable landing gear (two main wheels and tail wheel) which is easily maintained, with no hydraulics to get out of whack.

• **Competition**—Northrop's Pioneer, a prototype of which will fly next month, is said to meet these specifications. It will haul about five tons, take off in 700 ft., land in 750 ft. In collecting data for its design, Northrop engineers flew along Central American routes, noted the short, rough runways, the average distance (38 mi.) between stops.

The timing of Northrop's announcement is significant. The British-built Bristol freighter, carrying roughly the same load and designed to do the same job, is heading for a demonstration tour of Central and South America.



**6,468,256 Consumers
Live Within 75 Miles of..**

WORCESTER
MASSACHUSETTS

THE logistics of economic distribution call for a warehouse or branch plant close to the population center of the market — provided it has rail and truck facilities.

The facts show Worcester is the economic center of the multi-billion dollar New England market. A radius of 75 miles about Worcester encloses 76% of consumers in New England. No other center served by the major railroads can approach this record. At Worcester you get the services of the great New England railroads and of 50 motor truck lines — to every important point.

Write the Industrial Bureau, Worcester Chamber of Commerce, regarding your New England branch plant or distribution problems.

WORCESTER
MASSACHUSETTS

THE SAN FRANCISCO EXAMINER

has, for over 50 years, led its field in every department . . . news, circulation, advertising and public service. Naturally, it is

FIRST IN DYNAMIC SALES INFLUENCE

and the key to effective distribution in the San Francisco area.

AS FAR BACK AS THE RECORDS GO

retail stores of San Francisco have invested more advertising dollars in the Examiner than in any other newspaper.

THE SAN FRANCISCO
Examiner



NEWSPAPER NUMBER ONE

Nationally represented by
Hearst Advertising Service

Aids to Flight

Airlines' worst enemy, bad weather landings, may be licked by new radar ground approach system, plus automatic pilot.

Greatest weather difficulty encountered by airlines is not along routes, but in landing. A three-hour wait in perfect weather at Chicago or Washington may be caused by bad weather at New York City; as a result, schedules are backed up all along the line. The situation becomes most acute in winter, and airlines have lost millions of dollars in schedule cancellations due to inability to land.

Having just come through a summer when weather disrupted regularity of service, the airlines look forward to this winter with no glee. With larger planes, lower fares, and increased operating costs, they see their present inability to cope with bad weather as discouraging public patronage and financially handicapping plans for expansion.

• **Trial for GCA**—Next week, the Civil Aeronautics Administration is expected to announce arrangements to put into operation on a trial basis in the Chicago, Washington, and Newark areas a system widely regarded, especially by theorists and critics of the airlines, as the best solution of the problem of landing in bad weather. It is the war-born Ground Control Approach (GCA) radar system. Three sets are being acquired from the Army which, with the Navy, owns all of the 100-odd GCA sets so far built. In a separate move on its own, Transcontinental & Western Air is setting up a GCA system at its Newcastle (Del.) training base to familiarize its pilots with it.

Perhaps the most realistic action has been taken by United Air Lines. It has begun installation in all its four-engine aircraft of another war-developed device, made by Sperry Gyroscope Co., which is an automatic pilot capable of landing a plane without the pilot's hands touching the controls (BW—Sep. 21'46, p54).

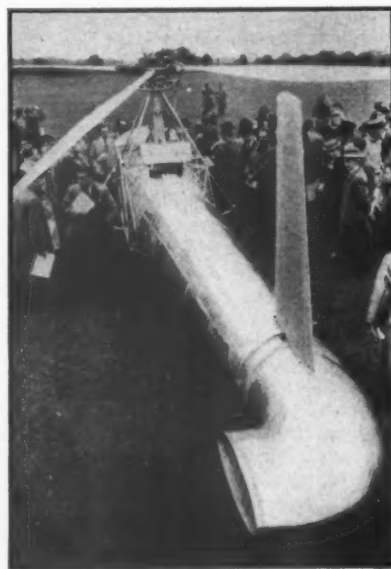
• **Forms Glidepath**—The Sperry gyro-pilot operates only with the Instrument Landing System (ILS) favored by CAA and already installed at 39 commercial fields. By next July 1, CAA plans to have it operating at 112 points. CAA is convinced that this nonradar system, installed on a widespread scale, is a satisfactory answer to the bad weather landing problem.

The ILS has three units: one radio beam (the "localizer") shooting out to center a plane on the runway, another angling upward to form a glidepath which the plane follows down, and

vertical beams out beyond the runway to advise the pilot he is nearing the field. In the plane are separate receivers for each ground transmitter, with the localizer and glidepath beams feeding into a crosspointer instrument that indicates if the plane is on course and making the proper descent. With ILS, planes can be landed "blind" every three minutes.

• **Ground Control**—The GCA system requires in the plane only the usual transmitter and receiver. On the ground is a series of radar pickup scopes. One scans the skies, can spot any plane within a 30-mile radius. Others pick up a plane as it comes in and controllers "talk" the pilot down by telling him if he is on course and making the proper descent. The Army with GCA has landed planes 45 seconds apart.

CAA doesn't believe the radar system is yet developed enough for airline use. Some airlines—with TWA the notable exception—echo the Air Line Pilots Assn.'s criticism that a pilot dislikes to leave the entire responsibility for his plane's safety to a man on the ground, the GCA controller (BW—Aug. 24'46, p22).



PIPED FOR ANTI-TORQUE

Dubbed the "Flying Drainpipe," the Cierva Weir-9 'copter (above) represents a British experiment to provide torque correction and directional control by a tailjet supplied by exhaust gases and a fan. Thrust varies with the engine and rotor speed, thus reportedly eliminating torque at any speed. The odd-looking ship was one of 55 types of aircraft that were put on display at a recent show of the Society of British Aircraft Constructors.

J.
L.W.H.

*This will handle
the Benjamin Electric
requirements I'm
sure.*

J.M.R.

CONTROL DIAGRAM FOR
RADIANT HEATING

CONTROL DIAGRAM FOR
PHOTOMETRIC LAB SUPPLY

**Correctly
APPLIED**

Product Development & Testing
Laboratory, Benjamin Electric Mfg.
Co., Des Plaines, Ill. Perkins &
Will, Architects-Engineers, Chi-
cago, Illinois. Photographs by
Hedrich-Blessing Studio.

The purpose of Benjamin Electric Manufacturing Company's new \$100,000 Laboratory is "to contribute to the advancement of the science and art of illumination." The building embodies many new and unique advancements in construction, equipment and design. The keynote of the building itself—and of the work which is to be performed there—properly may be said to be "The Proper Equipment... CORRECTLY APPLIED." And that, too, is the keynote of Johnson Systems of automatic temperature control.

In this interesting building, Johnson Control for Radiant Heating varies the temperature of the water supplied to the heating surfaces according to the outdoor temperature. This assures a change in the heat

input to the radiant surfaces immediately upon a change in weather conditions. Irritating "thermal lag" is overcome... For the Photometric Laboratory, Johnson Control of the central plant air conditioning system is extremely important because of the facts that the area is windowless and devoted to precise instrument work. Provision is made for the automatic regulation of future cooling coils.

The hook-up diagrams for the guidance of engineer, installation mechanic and operator—reproduced above—are typical of Johnson-engineered installations. Ask us to help solve *your* next temperature control problem. JOHNSON SERVICE COMPANY, Milwaukee 2, Wisconsin. Direct Branch Offices in Principal Cities.

JOHNSON *Automatic Temperature and
Air Conditioning* **CONTROL**
DESIGN • MANUFACTURE • INSTALLATION • SINCE 1885



This—and one man!

He lifts up to 2 tons—safely and with a minimum of effort. He can lift, carry and hang up the 'Budgit' Chain Block wherever needed, for the 2-ton capacity size weighs only 81 lbs.

No other chain block of similar type and the same capacity is anywhere near as light in weight. Others demand two men! Nor does any other lift the weight with the small amount of effort.

Light weight is achieved by steel stamping and the use of alloys. Easy lifting is the result of anti-friction bearings throughout and all working parts (including the automatic load brake) operating in grease in a sealed housing.

'Budgit' Chain Blocks embody the only radical improvements in fifty years of chain blocks, so wherever hand-lifting must be done, then the most efficient and economical installation certainly is a 'Budgit' Chain Block.

'Budgit' Chain Blocks come in sizes to lift up to $\frac{1}{4}$, $\frac{1}{2}$, 1, and 2-ton loads. Prices start at \$59.50 list. Send for Bulletin No. 367 for complete information.



'BUDGIT' Chain Blocks

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

MARKETING

Retail Profit Sharing Works

Distributor-dealer arrangement, set up experimentally by two Los Angeles firms, proves successful. Retailer goodwill and added product promotion are among the favorable results.

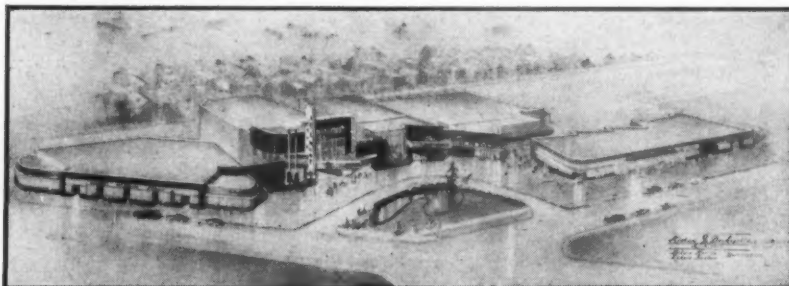
California, source of many a new marketing idea, is toying with another one: profit sharing between distributor and dealer. At least two companies, in the drug and frozen food fields, have found it highly successful.

• **In Self-Defense**—The Dewing Co., Los Angeles, first installed its "Handy-spot" drug units in Los Angeles grocery stores ten years ago, but ran into difficulty in grocers' exaggerated notions of the profit they should make on drug

items. Tired of arguing, Kenneth Dewing initiated a profit-sharing plan.

Dewing installs a display fixture requiring 10 sq. ft. to 50 sq. ft. of floor space, stocks it with drug items the public knows and buys readily, charges everything on open account, and takes back any goods that fail to sell. Dewing takes only a 3% markup to cover his operating costs and his profit, everything above that goes to the grocer.

So far as the grocer is concerned, the



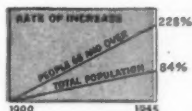
PUTTING EVERYTHING INTO ONE PACKAGE

Up to now Gamble-Skogmo, Inc., has been one of the few general merchandise chains to concentrate on the small-town market. Some of its outlets are in villages like Hunter, S. D.—population 414. Now Gamble has gone urban. Its new three-story outlet (below) in an outlying shopping area of Minneapolis has all the trappings: air conditioning, a parking lot, food supermarket, complete hard and soft lines. A similar development is the new 24-acre, \$750,000 shopping center (above) planned by William Freidlingsdorf for Avon Lake, Ohio. Its nucleus is a theater—a once-popular idea that lost favor during the depression. The center will include a bowling alley, delicatessen, hardware and appliance stores, chain drug store, food supermarket, and an apartment house.



What's your Outlook for a Happy Old Age?

It's good! Since 1900 the number of people 65 and over has increased by 228%.



while our total population has increased only 84%. Estimates



are that by 1960 more than 1 person out of every 11 then living will have passed 65.



Long before retirement age, and especially after 40, two things



become increasingly important . . .

guarding against degenerative diseases which strike in

older years, and preparing for the leisure



of your old age. Fortunately, there is much to help you do

both.



THE FIRST ESSENTIAL OF A HAPPY OLD AGE IS GOOD HEALTH

Periodic medical examinations provide the best means for your doctor to detect, in their early stages, diseases which may cause trouble later in life.

In addition, these checkups permit the doctor to advise you *now* as to normal, healthful living. You can do much to prepare for a healthy old age by observing good living habits *today*.

Further hope for a healthy future comes from medical scientists who are giving increased attention to the diseases of old age, such as cancer, high blood pressure, heart disease, and nervous and mental disorders.

Naturally your pattern of living will change as you grow older. But to keep mentally happy and physically well, start planning early for your retirement years.

Develop a tailor-made plan for living suited to your temperament and interests. This normally should include some constructive activity that calls for both mental and physical effort to get full enjoyment and benefit from your leisure hours.

To help you plan for many happy, healthy years, send for a copy of Metropolitan's free leaflet 116-S "Blueprint for Health."

Metropolitan Life Insurance Company (A MUTUAL COMPANY)

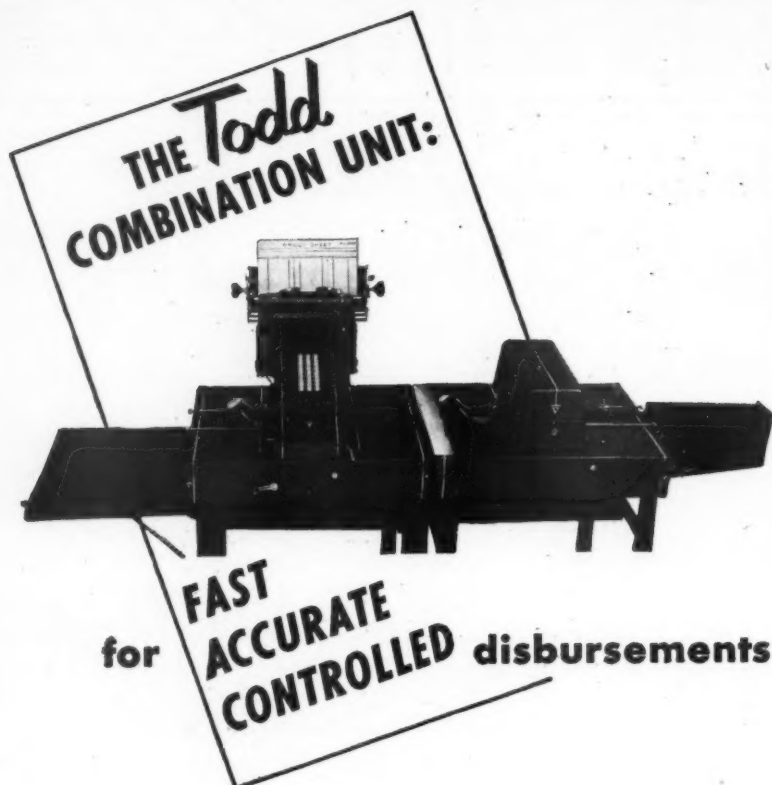
Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT



1 MADISON AVENUE, NEW YORK 10, N. Y.
COPYRIGHT 1946—METROPOLITAN LIFE INSURANCE COMPANY

TO EMPLOYERS: Your employees will benefit from understanding these important facts about old age. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!



In preparing payroll, dividend, and general disbursement checks, the job of filling in the amount line, adding, listing and signing can be done quickly and automatically at a rate of from 1200 to 2000 checks an hour with the Todd Combination Unit.

Inexpensive and simple to operate, this high-speed equipment does not merely print amount lines on checks—it shreds them in two colors through the paper, permanently and indelibly. Signatures are made with a forgery-defying signature plate by a dual-lock machine that records all disbursements and *gives you a degree of control unobtainable with hand-signed checks.* The Todd Combination Unit can bring efficiency, speed, and—most important—CONTROL to all your disbursements. Send in the coupon for complete details!

THE TODD CO., INC., Rochester 3, N. Y.
Please send information about the Todd Combination Unit which imprints, projects, lists, adds, and signs checks in a single operation.

Company _____

Address _____

City _____ County _____ State _____

By _____

BW-10-5



ROCHESTER

NEW YORK

**SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD**

drug unit almost runs itself. A Dewing employee comes in weekly to check and replenish the stock and tidy up the display. Dewing assumes all responsibility for merchandise selection. His line is chiefly cosmetics, toiletries, and simple proprietary remedies. He checks the popularity of various brands constantly; when a new one outsells others he drops the tail-ender.

• **Food for a Feud**—The company now has 1,000 units in Los Angeles food markets and is installing more as fast as fixtures can be obtained. Though a Handyspot carries only about 100 to 300 items, compared with a drug store's 30,000, the system is not likely to quiet the continuing feud between druggists and grocers, since Handyspot's 300 are concentrated in fast-moving merchandise.

Besides dispelling grocers' illusions about profits, and thus eliminating a source of friction, the Handyspot system gives the grocer an incentive for building volume. He makes room for the unit near the cash register, calls customers' attention to drug items, and pushes the line, because everything over Dewing's 3% profit goes to him.

• **Frozen-Food Plan**—Similar motives have prompted Western Foods Co., in Los Angeles and Long Beach, distributors for Polar and Memo frozen food brands, to adopt a similar plan by which all its profits above 3½% are returned to grocers who stock its line. The company carries an open account with each of its thousands of retail-grocer customers, calculates profits every three months, and mails them profit-sharing checks.

Frozen foods are still new enough to the grocer so that he suspects the processor of making extra-large profit margins. In addition to allaying this suspicion, the profit-sharing plan enlists the grocer's teamwork in pushing Western's brands to assure volume selling now, and establish consumer loyalty in the hope of carrying it over to the day when the present seller's market in frozen foods declines.

CBS SEEKS SHOWDOWN

Columbia Broadcasting System last week petitioned the Federal Communications Commission for (1) adoption of standards for commercial color television in the ultrahigh frequencies, (2) permission to operate in that field commercially, and (3) a hearing at which CBS and others may testify on these proposals.

By so doing, CBS is trying to force a showdown in its long feud with the National Broadcasting Company (and its parent Radio Corp. of America) over black-and-white television in low frequencies versus color television in the ultrahigh frequencies. NBC-RCA, with



THE WEST'S OWN

Brand names and western industry received a simultaneous boost at San Francisco recently when the Brand Names Research Foundation bestowed awards on western companies that had maintained some 50 brand names for more than 50 years. Among the recipients were Starr Farish (left) for New England Fish Co., Seattle, and Stanley Cocks (right) for Union Fish Co., San Francisco. The roster of items—including nationally known brands—underscored the ripe old age that industry in the Far West has achieved. Advertising Assn. of the West was cosponsor of the affair.

heavy investment in black-and-white equipment, has sought to keep public acceptance in that range, claiming its experiments show that color television is not yet sufficiently developed. CBS, which has put most of its eggs in the one basket of color television, has fought just as persistently for color television (BW—Aug. 10 '46, p. 32). But so far commercial television licenses have been granted for low-frequency, black-and-white operation only.

In petitioning FCC for a commercial ultrahigh-frequency color license, Frank Stanton, CBS president, stated that his company's tests indicate that the basic technical stages of color television have been completed, and that further advances depend on inaugurating regularly scheduled commercial programs. He flung back at FCC its own statement of May, 1945, that "a truly nationwide and competitive television system . . . must find its lodging higher up in the spectrum, where more space exists and where color pictures and superior monochrome pictures can be developed through the use of wider channels."

*"Show Me
That One,
please"*

★ Among competing packaged products the one most attractively packaged has caught her eye. She is Mrs. America, who buys ¾ of all goods sold at retail, and who makes ¾ of her buying decisions at the point-of-sale.




ALL LEADING retail organizations—other things being equal—always display those products that come in the best looking packages. They know from experience that women buy by eye.

*Never Underestimate
the Power of the Package.*

The package that attracts the eye, arouses interest—and makes a better impression

of quality than competing packages—WINS SALES!

LET RITCHIE WORK WITH YOU to develop a better package at low unit cost. One that will instantly identify, fully protect and conveniently dispense your product—practical—production-planned—easy to fill or pack—to handle, to stack and display—but *above all* designed for eye-appeal, for quality impression—A PACKAGE THAT SELLS!

 **Never Underestimate
the Power of the Package!**

- ★ SET-UP PAPER BOXES
- ★ FIBRE CANS
- ★ TRANSPARENT PACKAGES



New York • Detroit • Los Angeles • St. Louis • Minneapolis • Milwaukee • Atlanta • New Orleans • Denver • Portland • Seattle • Miami



Men who can choose
PICK BRITISH COLUMBIA



British Columbia is for you!

Great forest resources, agriculture, mining and fishing flourish and foster hundreds of other industries.

Markets—domestic and world-wide—are at the door.

A million people already live, work and prosper in British Columbia's temperate climate and scenic splendor. Why not you?

British Columbia offers more in business opportunity and living enjoyment.

Business is Moving to British Columbia
JOIN THE MARCH!



Write for free booklet giving indices, markets, industrial opportunities and advantages of British Columbia to:

DEPARTMENT OF
TRADE & INDUSTRY
GOVERNMENT OF
BRITISH COLUMBIA
VICTORIA, B.C., CANADA

Butler for Baby

New service provides home delivery of food, soap, oil, and other infant needs. Expansion to 25 other cities is planned.

In Washington and Pittsburgh a new company is going the well-established diaper service business (BW—Sep. 30 '44, p. 54) one better: Baby's Butler Service provides weekly home delivery service of nationally advertised baby food, powder, soaps, oils, panties, toys, and other infant needs, at prices comparable to those in local retail stores. All sales are for cash, but the company will buy back any customer's excess of canned foods.

• **Expansion Scheduled**—Baby's Butler Service plans eventually to expand to 25 other cities. Right now it is hampered by the truck shortage. Meantime would-be customers are clamoring. One mother in a Washington suburb offered to guarantee the company 150 other new customers if it would put her on its routes.

The company has used newspaper advertising gingerly, pending the acquisition of more trucks. Its other advertising media are free distribution of "Today's Baby" in Washington and "Modern Baby" in Pittsburgh. These are monthly magazines available for distribution by various baby services, with the distributor's advertisement printed on the front cover.

• **Side Venture**—Baby's Butler Service is, interestingly enough, the combined side venture of three partners, one of whom is in an entirely unrelated business. Its president is Arthur Zinamon, owner of Jack & Jill Diaper

Service (which complements Baby's Butler Service for Washington customers).

Its vice-president is Sol C. Snider, former owner of four supermarkets in Washington suburbs and now owner of Delmonico's, a Washington night club. The third partner is Rueben Felman, who, with his brother, owns a large Pittsburgh diaper service.

• **Service for Dogs, Too**—Unrelated to Baby's Butler Service, except in the sense that it is another business created to fill an observed need, is another Washington service: K-9 Caterers, operated by Max and Esther Feinsilber, which delivers dog food to 150 customers, including kennels, every week. It also provides dog accessories and remedies when ordered.

TOBACCO FIRMS FINED

When the Justice Dept.'s antitrust action against the tobacco industry was first tried in the U. S. District Court at Lexington, Ky., five years ago, the "big three" of the industry—American Tobacco, Liggett & Myers, and R. J. Reynolds—were the only defendants to contest the case. Their smaller colleagues did not directly stand trial, agreed to accept the final ruling of the courts in the big three case (BW—Dec. 20 '41, p. 40).

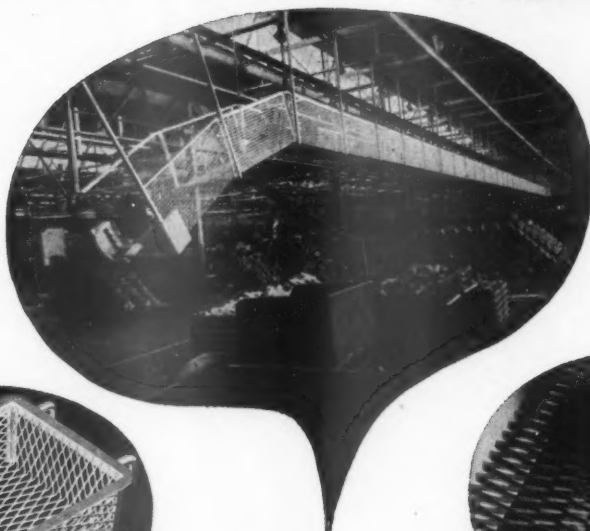
The Supreme Court in June upheld the conviction of the trio on all counts (BW—Jun. 15 '46, p. 24). Recently the minor defendants appeared in Lexington before the original trial judge, H. Church Ford, to accept sentence. He assessed fines totaling \$42,000 against eight companies, suspended fines of \$9,000 against three. Fifteen smaller companies were assessed \$200 each, had another \$200 suspended.

The eleven larger firms, and the

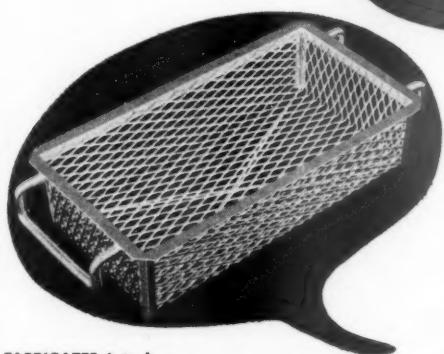


In Washington and Pittsburgh, Baby's Butler Service makes weekly home deliveries of canned food and other baby supplies, at current retail prices.

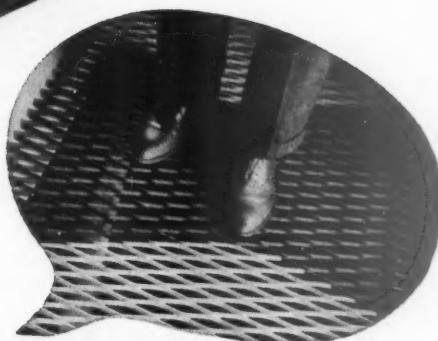
IT WILL GIVE YOU IDEAS



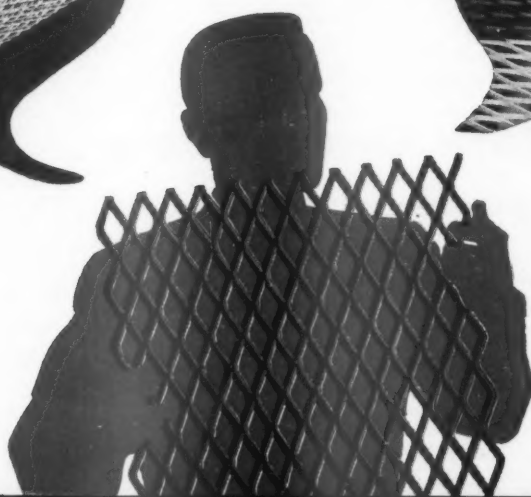
GUARDS machinery,
dangerous spots, doors
and windows.



FABRICATES into hun-
dreds of useful items,
baskets, bins, racks.



SOLVES walkway, par-
titioning and stairway
problems.



WHEELING EXPANDED METAL

PLANT men who "discover" Wheeling Expanded Metal sell it to themselves. They immediately think of dozens of ways of using it to advantage in their own plants. They find it perfect for partitions and enclosures, for door and window guards, paint racks,

drying racks, tote and dip baskets, lockers, sanitary shelves. It's hard to break through, easy to see through, ventilating, easy to keep clean, makes good-looking, substantial jobs. Maybe you are the man in your plant to find out about it. Drop us a line.

WHEELING CORRUGATING COMPANY
WHEELING, WEST VIRGINIA



OTHER USEFUL WHEELING PRODUCTS
Heavy Pails • Roller Cans • Oily Waste Cans
Concrete Reinforcement • Metal Lath
Steel Floor and Roof Deck



Sales Meeting... or Complete Convention ...packs dramatic punch on sound film!

Capture all the fire and technique of the sales manager's hottest sales talk. Use it over and over to inspire distributor and dealer salesmen . . . to increase sales. It is being done, with 16mm sound film and RCA Sound Film Projectors.

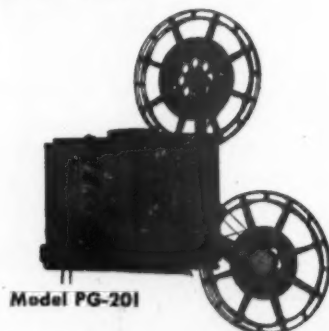
Or, stage an entire convention on sound film . . . and present it with telling effect . . . in less time, and at lower expense than by usual methods.

One manufacturer, famous for the size and character of his distributor get-togethers, recently put the meat of a whole week's show on sound film. He ran off his convention in a single day. Results? Many millions of dollars in direct orders, and a high order of distributor enthusiasm. Furthermore, briefs from the film were reprinted for use in sales-training work throughout the distributor-dealer set-up in all parts of the country.

Yes, sound films can be dynamic sales tools—when presented by means of the finest projection equipment. For maximum effect, use an RCA PG-

201 16mm Sound Film Projector. Get vital realism in your show, with crisp, brilliant screen images and life-like, full-range sound. Performance is comparable in every way to professional theatre showings. RCA Sound Film Projectors are easy to set up, use, and maintain. They give plenty of sparkle and power to your sales story.

For details address Dept. 21-J, RCA 16mm Motion Picture Equipment, Radio Corporation of America, Camden, N. J.



16mm MOTION PICTURE EQUIPMENT

RADIO CORPORATION OF AMERICA

ENGINEERING PRODUCTS DIVISION, CAMDEN, N. J.

amounts involved, were: P. Lorillard Co., Philip Morris & Co., and Imperial Tobacco Co. of Great Britain & Ireland, Ltd., \$9,000 each; Universal Leaf Tobacco Co. and British-American Tobacco Co., Ltd., \$3,000 each; Export Leaf Tobacco Co. (active U. S. subsidiary of British-American), \$6,000; J. P. Taylor Co. and Southwestern Tobacco Co., \$1,500 each; P. Lorillard Co. of Delaware, Imperial Tobacco Co. of Kentucky, and Pocohontas Corp., \$3,000, suspended, for each.

Lewyt Venture

Established contract maker offers a line of consumer goods in an effort to build a sure market for its specialties.

Lewyt Corp. is one of the many producers of industrial goods now diverting some of their productive capacity into consumer goods with the double motive of making use of war-expanded facilities and balancing their operation with a variety of products.

What distinguishes Lewyt chiefly is the 58 years of contracting and subcontracting experience it brings to the job, and the extent of its diversification. Its consumer division already accounts for about half its total sales and may ultimately overshadow the contracting division.

• **Safeguard**—Right now the company claims a \$3,000,000 order backlog from other manufacturers. This half of the business will operate as it has always done, with products ranging from air-conditioning humidifiers to power lawn mowers and bus window handles. The advertising slogan, "Let Lewyt Do It," is intended to sell other companies on the idea of farming out part of their manufacturing to Lewyt to avoid further expansion (and perhaps overexpansion) of their own plants. Lewyt's new consumer division is a hedge against the day when, in a shrinking market, manufacturer-customers might decide to do all their own processing.

Lewyt table-model radios and radio-phonograph combinations are already being sold in retail stores, at prices ranging from \$39.95 to \$114.95. Its confidence in entering this tricky and highly competitive field stems from its experience in making similar products for national advertisers, including Brunswick, Emerson, General Electric, and Westinghouse, as well as private brand radios. It will, of course, continue to do contract work for such companies even though its consumer division will be in competition with them.

• **No Furbelows**—Behind Lewyt's current consumer advertising is the com-



YOU FIND IT

This is the week's perfect non sequitur, picturewise, but an awful lot of people now know that Libbey-Owens-Ford Tuflex glass is pretty resistant stuff. After sandwiching a sheet between bonfire and ice blocks, the press agents realized that everything showed but the company's product. So they added a large measure of sex to guarantee acute public attention.

pany's belief that the exclusive features claimed for one brand of radio or another are often drummed up to give advertising copywriters and salesmen something to talk about. Its announced aim is to put out plain radios in plain cabinets.

A hazard which the company faces is the fact that its radios introduce a brand name—Lewyt—practically unknown to consumers, at a time when unknown brands are already faring badly despite the extremely heavy demand for radios.

• **Advertising Boost**—To launch its radios, and other consumer products—including a vacuum cleaner to be marketed early next year—Lewyt will spend some \$200,000 in advertising in 1947, about 25% of it in cooperative newspaper advertising with dealers. This is a big chunk of its total \$250,000 advertising budget, and a good cut above the \$20,000 to \$25,000 it used to spend annually when it did only contract manufacturing.

Sale of Lewyt's consumer products



"DON'T 'DEAR CHIEF' ME...

**cut downtime and rejects
...or else!"**

I HAD WRITTEN:

Mr. D. M. Whitney, President
John Doe Plywood Company
New York, New York

Dear Chief:

Our problem is resins. We don't seem to be able to get resins that will function successfully and uniformly within given ranges of operating variables. We have to "re-adjust" resin for every run. Then results are not dependable. Will continue experimenting with resins and work on getting speedier re-adjustments.

Sincerely,

J. T. Bailey
J. T. Bailey
Superintendent



HE HAD ANSWERED:

Mr. J. T. Bailey, Superintendent, Plant 3
John Doe Plywood Company
Portland, Oregon

Dear Bailey:

Don't "Dear Chief" me. Cut downtime and rejects—or else! I hold you responsible for production and product quality. Have you never heard of specification resins?

Cordially yours,

D. M. Whitney
D. M. Whitney
President

...and that's where Interlake comes in!

Just as Interlake has developed *specification resins* (together with necessary non-deteriorating catalysts) that perform *uniformly* and *dependably* for the plywood industry—so, in many other fields, Interlake Specification Resins have eliminated resin "adjusting," cut costs, and speeded production.

BRING YOUR RESIN PROBLEMS TO Interlake. We will gladly work with you. Write Interlake Chemical Corporation, Plastics Division, 1912 Union Commerce Bldg., Cleveland 14, Ohio.

**INTERLAKE
CHEMICAL**

Corporation

• PRODUCTS FROM COAL •

*Specificity
IN RESINS*

Consult **MERCURY** on Handling Problems



TRACTORS and TRAILERS: Choice of "Tug" electric tractor or "Banty" gas tractor. A complete line of industrial trailers.



PLATFORM LIFT TRUCKS: Low and high lift models. "Standard" 4,000 lb. capacity, "Senior" 6,000 lb. capacity.



FORK LIFT TRUCKS: "Jeep" 2,000 lb. "sit-down" model, and "Yak" and "Yank" 4,000 and 6,000 lb. "stand-up" center control models.

For complete data, send for Bulletin 201-6.



THE MERCURY MANUFACTURING CO.
4146 S. Halsted Street
Chicago 8, Illinois

MERCURY

TRACTORS • TRAILERS • LIFT TRUCKS



MAKING GOOD IMPRESSIONS PAY OFF

Rev. Earle E. Williams, Los Angeles radio parson, needing church music recordings for his own program, had 16-in. platters made for sale to the country's 1,500 radio preachers, has found a bigger market in home use. Now his company, Sacred Records, Los Angeles, turns out 10-in. discs in colorful albums, which are sold in record shops, department stores, and religious book stores. Besides religious music, the line includes Bible stories for children, told with sound effects: In Noah and the Ark, for example, the kids hear trees being chopped down, animals marching in, rain falling.

is handled by Lewyt Distribution Co., a subsidiary set up Oct. 1. The company already has about 800 dealers, including such big eastern names as R. H. Macy & Co., Manhattan, and Frederick Loeser & Co., Inc., in Brooklyn. Lewyt Distribution Co. sells directly to retailers in the East, but through distributors in other sections.

RAIL CREDIT CARDS

Taking a leaf from the experience of the airlines, the nation's rail carriers are contemplating inauguration of a system to eliminate the disadvantages of cash-and-carry purchase of railroad tickets by business concerns.

The domestic airlines instituted such a system twelve years ago. Now the carriers, through the Railroad Passenger Interterritorial Committee, are polling 20,000 business firms to determine which of three alternative plans is favored. It is hoped that the chosen plan will be put into operation by Jan. 1, 1947.

Under plan A the traveler accredited by a business firm carries a credit identification plate which is imprinted on a check or draft form, along with his signature, when he purchases tickets. Plan B provides for issuance of travelers checks, signed by a company official and

the traveler, and countersigned by the traveler when he buys tickets. Plan C would operate through the Commercial Travel Credit System, Chicago, in which the railroads have no interest. The traveler carries unsigned drafts and an identification card; he signs a draft at the ticket window and presents his card for verification of signature. The Chicago firm pays the railroads and bills the participating companies.

P. S.

Townsend Methods, Inc., a system of pre-evaluating advertising copy, has re-established offices in Chicago. President is Will Townsend, vice-president is Paul E. McElroy, formerly with Lord & Thomas, Batten, Barton, Durstine & Osborn, and top-flight automobile and petroleum companies.

United-Rexall Drug Co. has added substantially to its organization (BW-Jul.13'46,p8) by buying Lane Drug Stores, Inc., which has 58 stores in five southeastern states. Rumored price: \$6,000,000.

E. I. du Pont de Nemours & Co. plans widespread marketing of antiknock mixtures containing tetraethyl lead, for addition to gasoline, sometime in 1948. It has made such products for Ethyl Corp. since 1925.

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XUM



The water that couldn't be polluted!



In the summer of 1945, a destructive flash flood swept down the Lehigh Valley. It demolished a large sewage disposal plant at the junction of the Lehigh and Delaware Rivers . . . caused the swollen Delaware to become heavily polluted.

In spite of this pollution, one community was still able to pump water from the Delaware and make it good to drink. This one town—Morrisville—had installed Mathieson's Chlorine and Chlorine Dioxide water treatment in April, 1945. When the flood came in July, Morrisville kept on pumping water and purifying it . . . while existing purification facilities in other communities couldn't do the job.

Thanks to the Chlorine and Chlorine Dioxide treatment, Morrisville's supply of good, safe water was never interrupted; it was truly the water that couldn't

be polluted . . . and Mathieson added another interesting case history to its files.

Mathieson is proud to bring the benefits of this new Chlorine Dioxide technique to the nation's water works; its aim is to make this treatment available to every community troubled with water-supply taste and odor problems.

THE MATHIESON ALKALI WORKS (INC.)
60 E. 42nd ST., NEW YORK 17, N. Y.

Mathieson

CHEMICALS

CHLORINE DIOXIDE...SANITATION HTH...LIQUID
CHLORINE...PH-PLUS (FUSED ALKALI)...CAUSTIC
SODA...SODA ASH...BICARBONATE OF SODA...
AMMONIA, ANHYDROUS & AQUA...CARBONIC
GAS...DRY ICE...SYNTHETIC SALT CAKE...SODIUM
CHLORIDE PRODUCTS...SODIUM METHYLATE



How fast can you undress a chicken?

IF you've ever killed a chicken for Sunday dinner you know what a tedious and messy job it is to remove the feathers. And it used to be the same laborious hand-plucking operation, multiplied many fold, in large poultry-dressing plants that prepare several thousand birds a day for market, until the G.T.M. — Goodyear Technical Man — took a hand.

The G.T.M.'s aid was solicited by a Pennsylvania manufacturer who had an idea for a mechanical picker to "undress" birds. In principle, it was simple. Just kill and scald the fowl as usual — then carry them by over-

head conveyor through several batteries of rapidly revolving rubber "hands," each equipped with hundreds of flexible "fingers" that would grasp and remove the feathers.

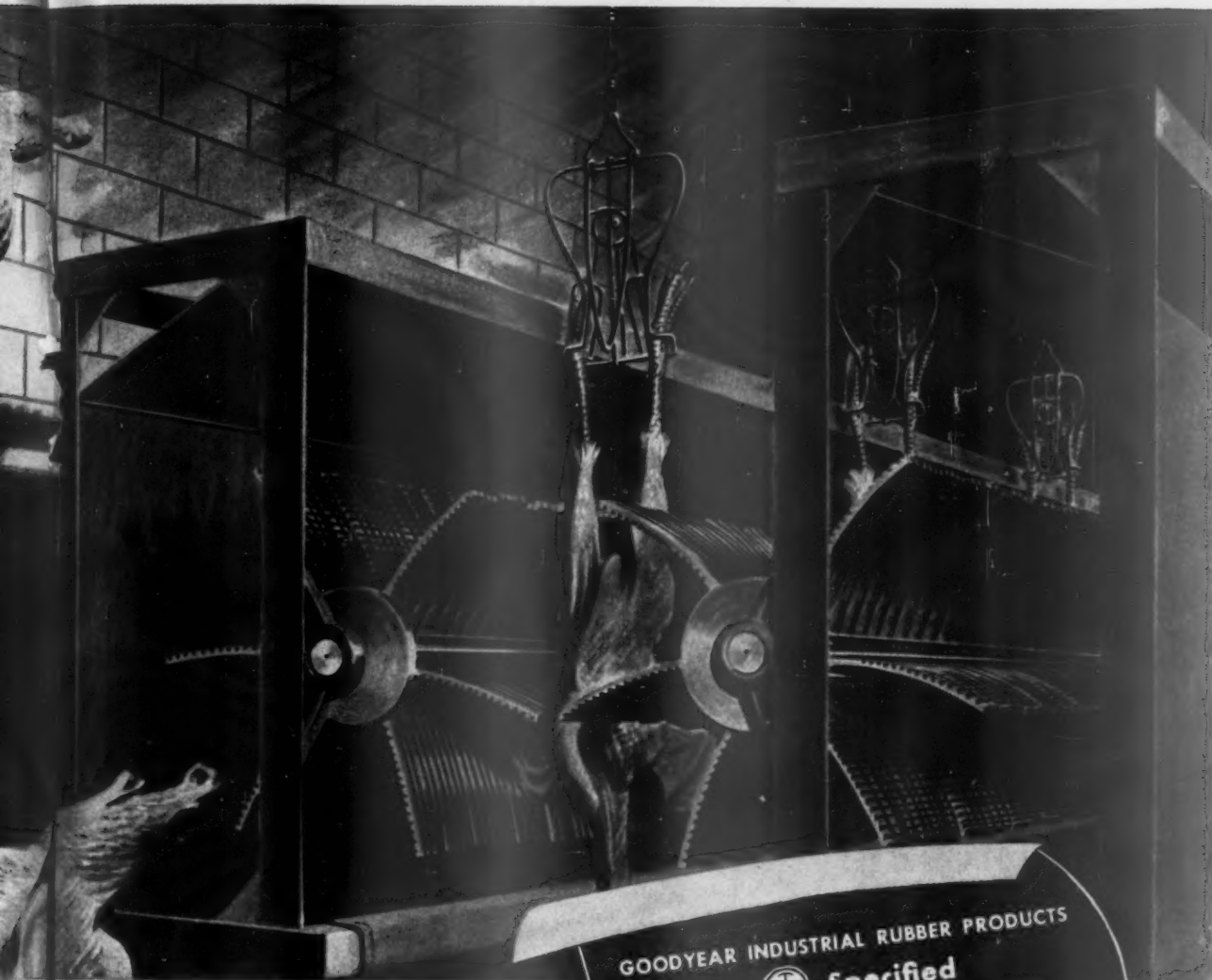
Getting the right fingers was the problem. These fingers had to be supple enough to follow the contour of the birds, to reach in, around and between legs, wings and necks. They had to be serrated with tooth-edged grooves to engage and hold the feathers. They had to be strong enough to pull out quills, yet have enough "give" to do it without tearing or bruising tender flesh.

That stopped even the G.T.M. — for a while. Fingers stiff enough to remove the feathers tore the skin; softer fingers wouldn't hold the feathers. Then the G.T.M. had an inspiration. He remolded the stiffer finger in bifurcated form, making a dual or split finger — *and it worked!* The split finger literally caressed every size of bird from a squab to a turkey, removing the feathers with a gentle, easy pull.

Today poultry-picking machines equipped with Goodyear-molded dual fingers are defeathering fowl at the rate of one every 0.7 second —

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Name
G.T.M.
— in
packin
Goody
Angelo



quicker than you can say "Jack Robinson." And it's a lot cleaner job than you ever did on a Sunday bird. One machine will "undress" as many as 5,000 chickens, turkeys, ducks or geese per hour, with its nimble Goodyear-built fingers revolving at 450 R.P.M.

The ability to mold rubber to solve and master difficult jobs like this is a specialty of the G.T.M. To your problem he brings research and manufacturing facilities beyond compare, plus the skill in compounding that has made Goodyear "The Greatest Name in Rubber." To consult the G.T.M. on any rubber applications — in molded goods, hose, belting, packing or tank lining — write: Goodyear, Akron 16, Ohio or Los Angeles 54, California.

GOODYEAR INDUSTRIAL RUBBER PRODUCTS



-Specified
CHICKEN PICKER FINGER

Natco Products Corp., Paoli, Pa.

for Natco Poultry Picker



FOR HOSE, BELTING, MOLDED GOODS, PACKING AND
TANK LINING built to the world's highest standard
of quality, phone your nearest Goodyear Industrial
Rubber Products Distributor.

GOODYEAR

THE GREATEST NAME IN RUBBER

DESIGNED AND ENGINEERED AT NO. 1 PLASTICS AVENUE



A GOOD MORNING—IN PLASTICS

Arise and really shine with the new Telechron Musalarm. This wonderful bedside companion combines a radio, a clock, and a musical alarm in a handsome plastics case. And that's where No. 1 Plastics Avenue comes in with experience in designing and engineering so many plastics products.

The Telechron people insisted upon beauty . . . technical perfection . . . economical production. And they got all three in this compression-molded phenolic case from General Electric's complete plastics service.

Maybe you, too, are planning to bring out a wonderful new product. Whatever it may be, don't overlook the fact that plastics may be able to do for you what no other material can. Bring any plastics problem that may arise to G. E.—the world's largest manufacturer of finished plastics products. Plastics Divisions, Chemical Department, General Electric

Company, 1 Plastics Avenue, Pittsfield, Mass. Ask for a copy of the new illustrated booklet, "What Are Plastics?"

G-E Complete Service—Everything in Plastics

Backed by 52 years of experience. We've been designing and manufacturing plastics products ever since 1894. G-E Research works continually to develop new materials, new processes, new applications.

No. 1 Plastics Avenue—complete plastics service—engineering, design and mold-making. Our own industrial designers and engineers, working together, create plastics parts that are both scientifically sound and good-looking. Our own toolrooms are manned by skilled craftsmen—average precision mold experience, 12 years.

All types of plastics. Facilities for compression, injection, transfer and cold molding . . . for both high and low pressure laminating . . . for fabricating. And General Electric Quality Control—a byword in industry—means as many as 160 inspections and analyses for a single plastic part.



GENERAL ELECTRIC

General Electric plastics factories are located in Fort Wayne, Ind., Meriden, Conn., Scranton, Pa., Taunton, West Lynn, and Pittsfield, Mass.

Bankers Count Wartime Gains

Assets of U. S. commercial banking systems nearly double those of 1941. No failures reported last year. Market collapse and huge holdings of Treasury obligations cause some apprehension.

Most of the delegates who swarmed into Chicago last week for the annual convention of the American Bankers Assn. were in as expansive a mood as a banker permits himself in public. Taking one thing with another, their mellowness was justified.

The U. S. commercial banking system has come out of the war stronger than it has been for the last 20 years. Net earnings have been marching upward since 1941. Although the huge increase in bank holdings of government bonds now has come to an end, the revival of peacetime industry provides an opportunity to bolster earnings by expanding commercial loans.

• **Darker Side**—In spite of all this, there was a thread of apprehensiveness run-

ning through the convention's proceedings. For one thing, bankers know that their bulging portfolios of Treasury obligations make them particularly vulnerable to government regulation. For another, the sudden collapse of the securities markets early in September has reminded many bankers, especially those from metropolitan areas, of the disastrous liquidations of 1920, 1929, and 1937.

The annual report of the Federal Deposit Insurance Corp., released a week before the convention, raised a number of points that bankers chewed over informally, although the report was not included in the formal agenda.

• **Wartime Gains**—FDIC pointed out that from the end of 1941 to the end



ON THE ROAD TO WORLD MONETARY STABILIZATION

In Washington last week, at the first annual meeting of the World Bank and International Monetary Fund, some 500 governors and technicians settled down to the job of oiling the machinery for stabilizing international currency and trade. In the limelight were (left to right): Acting Secretary of State William L. Clayton; N. Sundaresan, India; Hsi Te-mou, China; Camille Gutt, Belgium; Secretary of the Treasury John Snyder, who opened the meeting; Eugene Meyer, president of the bank; Hugh Dalton, United Kingdom; Pierre Mendes, France. The bank's first step was to pass the hat for additional funds.

Convert thought
into action...

...INSTANTLY!

• No sooner does a thought flash through your mind than you can put it into action with EXECUTONE, the electronic inter-com!

Instantly...by the mere press of a button...EXECUTONE gives you direct voice-to-voice contact with any member of your staff. Instructions may be given, questions asked, without anyone leaving his work. Conversations are as clear and natural as if the people were in the same office.

EXECUTONE frees your switchboard for important outside calls...eliminates running from office to office. EXECUTONE saves time and energy, doubles your ability to get things done. Mail coupon TODAY!



TEN YEARS OF DEPENDABLE SERVICE

Over 100,000 unconditionally guaranteed installations by factory trained specialists prove Executone's dependability and leadership in the communication field.

Expandable—from 2 to 100 stations including voice-paging and music.



Mail Coupon for Further Information

EXECUTONE, INC. Dept. K-1
415 Lexington Ave., New York 17, N. Y.
I am interested in data on EXECUTONE.

☐ Please send literature.
☐ Have representative call. No obligation.

Name

Firm

Address

City

The Middle East

IMPORTERS and EXPORTERS interested in this increasingly important market are finding the IRVING an increasingly important source of help.

★ ★ ★

Whether you already have or are seeking business interests in the Middle East, the Irving can be of valuable assistance. Here you can obtain timely, firsthand trade reports on any Middle Eastern country . . . aid in establishing new business contacts . . . names of sales agents . . . specific sources of supply . . . expert guidance, too, on the latest exchange regulations. All you have to do is to communicate with the Irving's Foreign Trade Information Department.

IRVING TRUST COMPANY

ONE WALL STREET · NEW YORK 15, N. Y.

Member Federal Deposit Insurance Corporation

of 1945, assets of all banks in the U. S. and possessions almost doubled, rising from \$91,037,000,000 to \$178,203,000,000. The reason for this boost was the flood of government securities that the Treasury pumped out into the money market during the war years. Bank portfolios of governments shot up nearly four times, from \$25,539,000,000 to \$101,822,000,000, during the four-year period.

Deposit totals kept pace with the rise in assets, reflecting the fact that banks paid for the securities they bought by creating new deposit liabilities on their books. At the end of 1941, total bank deposits came to \$82,045,000,000. By the end of 1945, they were up to \$166,474,000,000.

Capital accounts likewise have grown, but the rate of increase has not come anywhere near matching the rise in assets or deposits. The capital funds of all banks have edged up from \$8,368,000,000 at the end of 1941 to \$10,526,000,000 at the end of 1945, a gain of about 25%.

• **Capital Ratio**—The unequal rates of growth have caused a dramatic drop in the ratio of capital to total assets, one of the time-honored yardsticks of banking. Before 1941, conservative bankers figured that a one-to-ten ratio was as low as they could go without losing respectability. With some nudging from Federal Reserve authorities, they have since accepted the idea that government securities are "riskless" assets and that the proper measuring rod is not the ratio of capital to total assets but to "assets at risk," that is, assets other than government obligations.

By the end of 1945, the ratio of capital to total assets for all insured banks had dropped to about 5.7%. The ratio of capital to assets other than governments and cash, meanwhile, had stayed roughly constant at around 25%.

• **Low Enough**—FDIC always has been inclined to take a sour view of the riskless assets theory, sometimes much to the annoyance of its conferees on the Federal Reserve Board. Its report serves notice on the banks that it thinks the decline in the ratio has gone far enough and that it will consider 5% to 6% the standard from now on.

In spite of the somewhat tart tone of these remarks, the FDIC report generally makes pleasant reading for bankers. Among other things, it points out that 1945 will go down in history as the first year in which there was not a single bank failure in the U. S.

Part of the credit for this record goes to the general prosperity of the country, but a large part goes to FDIC itself. By keeping a close watch on shaky banks and stepping in before they go to pieces, it has headed off probable failures.

• **Merger Scheme**—In recent years, FDIC has been working away from the



A.B.A.'S NEW SLATE

For the year 1946-1947, American Bankers Assn. chief will be C. W. Bailey (above), who takes over the presidential reins from Frank C. Rathje. Joseph M. Dodge (below) steps into the vice-presidency vacated by Bailey, president of the First National Bank of Clarksville, Tenn. Dodge—slated to be head of A.B.A. next year—is president of the Detroit Bank and the man for whom friends predicted a lifetime of unpopularity when he became chairman of the Army's renegotiation board in 1943.



original idea of straight deposit insurance and has become more and more a supervisory agency. Instead of letting a bank go into receivership and paying off depositors for what they lose, it now tries to arrange a merger between the wobbly bank and a strong neighbor.

The sound bank takes over the liabilities of the bank that is in trouble



Look for the
Continental Red Seal
It identifies the
Finest in Every
Field of Power



There's a fresh new world less than a mile above you . . . a vast new world you reach by flying. It's a sky-high world for invigorating, stimulating, healthful sport; a world that stretches to new horizons of business opportunities. It is a world dominated by Continental power, because today the majority of all personal planes are powered by Continental Red Seal engines. This complete line of Continental aircraft engines includes models from 65 to 185 horsepower, each outstanding for performance. There are also 525 and 600 horsepower Red Seal engines for commercial feeder-line and executive aircraft.

Continental engines have been chosen by owners, pilots, and aircraft builders because of their proven reliability—their economical and dependable operation. They are preferred, too, because Continental parts and service are as near as the nearest airport. A new engine remanufacturing service just announced by Continental Motors now reduces major overhauls to a minimum of time and cost.

More than ever before, Continental engines provide the power for the flying world!

Continental Motors Corporation
Aircraft Engine Division
MUSKEGON, MICHIGAN

44 Years' Specialized Experience Building Engines
for Transportation, Industry, Aviation and the Farm

**IDEAL FACTORY SITES
THAT MEET ALL OF
YOUR REQUIREMENTS**

Crandic Industrial District

Shown above is an artist's sketch of the new Cherry-Burrell Corporation factory now under construction in the Crandic Industrial District of Cedar Rapids, Iowa. Imagine YOUR new plant located in a prosperous industrial community at the center of one of the nation's richest agricultural regions! Convenient access to power, water, sewer and transportation, with trackage on a progressive electric railway — those features of special interest to industry describe the Crandic Industrial District of Cedar Rapids, Iowa's leading industrial city. There are 800 acres from which to select your tract. Follow the lead of alert executives and take advantage of Iowa's wealth of raw materials, skilled labor supply and vast network of power and railroad facilities by locating your new plant in the Crandic Industrial District of Cedar Rapids.

Write at once for map and complete information.

CEDAR RAPIDS and IOWA CITY RAILWAY

A. R. SWEM, GEN'L SUPT., CEDAR RAPIDS, IOWA

**The
CRANDIC
Route**

Financing Inventories

Adequate inventories are a necessary preliminary to the return of normal business conditions. One of the problems confronting corporate executives is the sound financing of these inventories on a basis that balances short term loans and permanent expansion of working capital.

To meet this and similar new capital requirements in this post-war transitional period, Paine, Webber, Jackson & Curtis offers a seasoned 67-year experience in investment banking and an intimate knowledge both of the needs of management and of the opportunities in financial markets. You are invited to discuss your company's financial requirement with any of our partners or managers.

PAINE, WEBBER, JACKSON & CURTIS

ESTABLISHED 1879

Members New York Stock Exchange and Other Principal Stock and Commodity Exchanges

NEW YORK BOSTON CHICAGO DETROIT CLEVELAND PHILADELPHIA MILWAUKEE
MINNEAPOLIS AKRON CONCORD DULUTH ELMIRA GRAND RAPIDS HARTFORD
LYNN PROVIDENCE SPRINGFIELD ST. PAUL WORCESTER

and also takes whatever assets it considers good. FDIC buys up the rest or makes a loan on them big enough to cover the remainder of the liabilities involved in the merger. It then liquidates doubtful assets gradually, assuming any loss that is involved.

• **Coverage for All**—This system protects all deposits, not just the ones under \$5,000 which are covered by the straight insurance. FDIC has found the method so successful that it has dropped its old idea of getting Congress to extend deposit insurance to accounts over \$5,000.

With FDIC to back them up and with the bulk of their assets salted down in government securities, bankers think there is little danger now of getting into trouble. But with the stock market sagging and various government authorities reminding them of what happened in 1920 and 1929, they will keep at least one eye out for squalls.



BEYOND THE FAMILY CIRCLE

For the first time in its span of nearly a hundred years, Smith & Wesson, Inc., maker of small firearms, has a president whose name isn't Wesson. Choice of Carl R. Hellstrom (above) to succeed the late Harold Wesson underscores the company's expansion policy, especially in the export field. A native of Stockholm, Hellstrom was educated in Sweden and Paris, came to the U. S. as engineer consultant for the French government, served in the U. S. Army during World War I. In 1922 he became president of American Rack Co., left in 1931 to join Smith & Wesson, where he has been engineer consultant, superintendent, and vice-president.

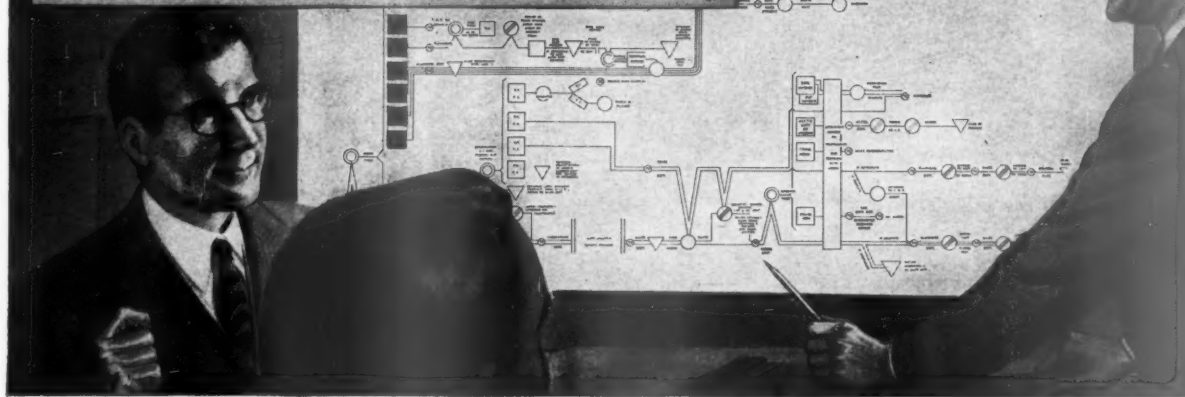
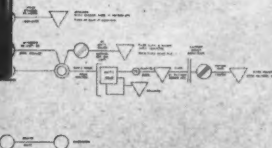
New orders now take a 5-day short cut at The Herman Nelson Corporation



- ➔ New orders for heating and ventilating equipment now put in work in 2 days instead of 7.
- ➔ 60 delaying paperwork operations eliminated. Thousands of dollars saved.
- ➔ Service to customers speeded up. Control tightened.

A typical case. Typical results...when Standard Register is called in to help improve record systems in offices and factories.

PROCEDURE FLOW CHART



Standard Register's step-by-step methods save most where record systems cost most




EXCLUSIVE! DIFFERENT! Watch Standard Register do a streamlining job on your present record systems...and you'll understand why it turns up sources of savings that the usual office or systems study overlooks.

For Standard Register's methods are scientific, pre-tested. Standard begins by analyzing and flow-charting existing routine. It proceeds, step by step...ferreting out form design that makes needless work, methods of writing and procedures in using forms which cause costly delays. It arrives at recommendations that mean not only important direct savings in the cost of completed records...but frequently even more significant savings through better over-all control of your business operations.

Write, today, for your free copy of "Paperwork Sim-

plification" which shows how Standard's Kant-Slip continuous forms systems are applied to reduce business costs.

WHERE DO SAVINGS COUNT MOST?

-  **Not in the price of printed forms.** A difference in the quality of paper, printing, carbons, etc., may mean a few hundred dollars at most.
-  **Not even in the cost of completed records**...although the cost of writing, handling and using forms is 10 to 50 times the forms' cost...savings here may run into 4 or more figures.
-  **But in the cost of business operation,** if waste, delay, inefficiency exist, SAVINGS here, through better management control, can reach almost incalculable figures!

THE STANDARD REGISTER COMPANY

Manufacturers of Record Systems of Control for Business and Industry
710 CAMPBELL STREET, DAYTON 1, OHIO

Pacific Coast: Sunset McKee-Standard Register Sales Co., Oakland 6, California. Canada: R. L. Crain Limited, Ottawa. London: W. H. Smith & Son, Ltd.

IRC Injects a Perrygraf Selector Into Its Radio Resistor Advertising



Result—

**New life in the sales program,*
 and a spotlight on IRC Resistors**

Earle C. Thompson, advertising manager of International Resistance Company, Philadelphia, had a sales promotion hunch. He believed a color coded resistor selector could be developed that IRC distributors could sell.

He called in the Perrygraf representative. This unique selling tool was promptly designed and manufactured. It focuses attention on IRC Resistors, suggests IRC when resistor purchases are considered, and the envelope, imprinted for each IRC distributor, suggests the local supplier.

User turns wheels to set color bands on the resistor and reads resistance range—anything from 1 to 99,000,000 ohms. Resistor buyers purchased several hundred thousand of these Perrygraf selectors in the first three months.

"Now I know how a Hollywood producer feels when he makes a hit," says Earle Thompson.

IRC's experience is not unique where Perrygraf sales tools have been added to advertising programs. Ohmite Manufacturing Company sold 500,000 Perrygraf selectors; Greenlee Tool, 100,000; Allied Radio, 250,000; Shure Bros., 150,000.



BUILDS PROFITS These 8 Ways!

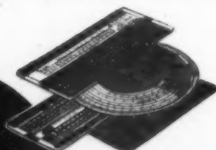
Perrygraf Product Selectors, Calculators, Visualizers and Demonstrators will . . .

1. Focus demand on the most profitable items.
2. Save selling time with fingertip control of information about your product.
3. Make your sales story easy to grasp—easy to remember.
4. Suggest your product name when purchases are being considered.
5. Make it easy to specify your product.
6. Make your product easier for distributors' salesmen to sell than any other.
7. Inject a new selling tool into your sales and advertising program.
8. Help to build cream prospects lists for only a few cents per name.

**You Merely Define the Problem
 . . . We Do the Rest**

Perrygraf designers are experienced in putting complicated information into simple, inexpensive graphic form. You simply tell us your problem. We promptly submit designs and prices—without obligation.

Write for folder and samples. Address Planning Department, Perrygraf Corporation, 1500 Madison Street, Maywood, Illinois.



**designers and
 manufacturers
 of Perrygraf
 Visualizers, Demonstrators,
 Calculators, Product Selectors**

U. S. Debt Policy

As reduction in federal obligations nears budget goal, bankers await tip-off of any change in refunding plans.

President Truman's much advertised program of cutting down the government debt has just about reached the end of its rope for the current fiscal year.

The Treasury by now has used up most of the cash it had available for retirement of its outstanding securities. After paying off one or two more issues, it will have to fall back on a policy of rolling over maturing obligations. From then on, any significant cut in the federal debt will have to be financed out of a budgetary surplus, and there is no surplus in sight before fiscal 1948.

• **\$2 Billion From Goal**—On Oct. 1, Secretary of the Treasury John W. Snyder clipped \$2 billion off the total debt in an operation that may be the last of its kind for some time. A certificate issue of \$3,439,885,000 matured. The Treasury paid off \$2 billion in cash and refinanced the rest.

This brought the outstanding federal debt down to about \$263 billion, roughly \$16 billion below the peak of \$279 billion it hit last February. At its present level the public debt is only \$2 billion above the goal of \$261 billion that the President's revised budget message set for June 30, 1947 (BW—Aug. 10/46,p15).

• **General Fund Shrinks**—The Treasury can pay off the remaining \$2 billion almost any time it likes. It has a hefty certificate issue maturing nearly every month, to say nothing of a \$3,260,777,000 note issue coming due Dec. 15. But it probably will be in no great hurry.

Debt retirement has been taking huge bites out of the Treasury's cash balance. In January, 1945, the government had about \$26 billion in its general fund. Now it has only about \$7,500,000,000. This still is enormous by pre-war standards, but it doesn't leave too much elbow room when annual federal expenditures are running around \$41,500,000,000.

If Snyder wants to play it safe, he probably will wait until closer to the end of the fiscal year to pay off the remaining \$2 billion of debt scheduled for retirement.

• **An Illusion**—The shrinkage of the general fund points up the fact that in one sense the reduction of the outstanding debt so far has been nothing more than a bookkeeper's illusion. During the final Victory Loan drive the government borrowed far more money

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than it needed. Since then, it has simply been using these borrowings to pay off some of the older issues as they matured. The outstanding debt has decreased, but the net debt (outstanding obligations less the cash balance) actually has risen because the government still is running a deficit.

From the money market's standpoint, however, the Treasury's debt retirement program has been something more than just a business of switching money from one pocket to the other. By concentrating its retirements in the short-term issues, held mainly by the commercial and Federal Reserve banks, the Treasury has been able to cut the total amount of government securities held by the banks and thereby reduce inflationary pressures a trifle.

Complete figures aren't available, but as the Treasury cut the debt about \$9,900,000,000, bank ownership of government securities dropped \$8,300,000,000.

• **Favors Floating Debt**—The fact that the Treasury has been retiring short issues doesn't mean it has abandoned its



UPWARD LADDER

James McGowan, Jr. (above), tops a career of nearly 40 years with Campbell Soup Co. by taking over the presidential post left vacant by the death of Arthur C. Dorrance. McGowan came to the company in 1908, fresh from the Massachusetts Institute of Technology; a few years later he was in charge of the company laboratories. From assistant general manager, he moved up to the manager's desk of the new Chicago plant in 1928; in 1930 he returned to Camden, N. J., as production manager. He has been vice-president since 1938.



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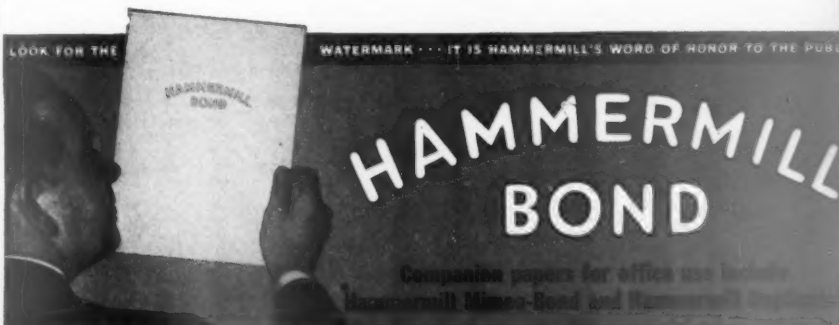
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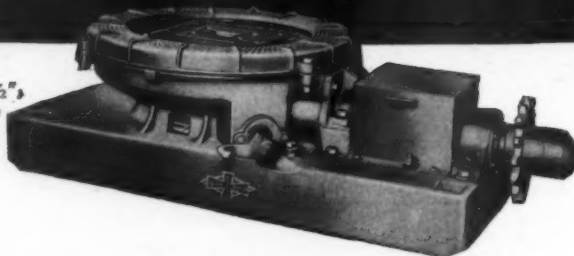


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cavators, cranes, hoists, crushers, and other big industrial units that help America's industries lead the world in production, KAYDON Bearings continue to prove they are O.K.

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policy of keeping a large part of the debt in bills and certificates. In spite of the pressure from banks and other investors who would like to see most of the public debt put on a funded basis, Snyder still is letting his floating debt run from one-quarter to one-third of the total marketable obligations.

At one time, bankers hoped he was swinging around to a more orthodox viewpoint. Last week he splashed cold water on these hopes by telling the American Bankers Assn. convention that he saw no immediate need for a new long-term issue.

• **Tip-Off Awaited**—Snyder's predecessor, Fred M. Vinson, was so wedded to the floating debt philosophy that he refunded maturing notes and other medium-term paper with certificates. The market doesn't know yet how Snyder feels on this point, but it expects to get the tip-off when plans for handling the Dec. 15 maturity of the 1 1/2% notes are announced. If Snyder replaces this issue with 7% certificates, investors can be pretty sure the Vinson policy will stick. If he puts out new 1 1/2s, it may mean he is warming to the arguments for a smaller floating debt.

At the moment, the Treasury has some \$17 billion out in bills and approximately \$34 billion in certificates. Other marketable issues (notes and bonds) account for about \$133 billion. Of the nonmarketable issues, savings bonds (around \$50 billion) are the most important. Special issues, such as the bonds held by the Social Security trust funds, account for around \$23-billion.

The heavy concentration of debt in short-term paper is one of the main reasons the Treasury can carry its obligations at an average rate of only 2%. And it is the low cost that makes the bills and certificates attractive to the Treasury.

• **Tight Grip**—There is a fly in the ointment, but so far it has bothered bankers more than the Treasury. With big issues maturing constantly, the government has to keep an iron grip on interest rates. It has too much at stake to relax control of the money market, even momentarily. Consequently, as long as the floating debt stays high investors can be sure the market will stay on a tight leash.

RESERVED FOR EXPERTS

Banks and trust companies in Kentucky have been prohibited from writing deeds, wills, and other legal documents under a decision handed down last week by the Court of Appeals at Frankfort. Under the ruling, bank and trust company personnel may not perform any services "requiring expert knowledge."

The opinion upholds the Kentucky

Our Railroads Are a Vital Part of Our National Security

Every citizen should take time out now to warn the Military Affairs Committee of what is going on

September 24, 1946

Honorable Alfred Schindler
Acting Secretary of Commerce
Commerce Building, Washington, D. C.

Dear Mr. Schindler:

After another day of unsettlement in security prices I read in this morning's New York Times:

"Mr. Schindler filed with the Interstate Commerce Commission a statement declaring that 'economic wisdom' called for 'withholding additional increases in freight rates until the traffic, the revenues and operating expense picture for the remaining months of 1946 and the early months of 1947 is clear.'"

Testimony has already gone into the records that the railroads this year will earn a return of 1.34% on their investment and next year will probably earn nothing. This at a time of record breaking traffic.

A petition for a freight rate increase has now been pending before the Interstate Commerce Commission since away back in 1941. The Commission is instructed by Congress to prescribe rates that will provide "revenues sufficient to enable the carriers . . . to provide . . . efficient transportation."

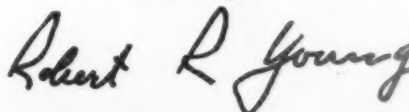
Since 1933 five wage increases have been granted aggregating 90%. Fuel prices are up 117% and other supplies 86%. Yet freight rates today are lower than they were then; and the rate of return on investment has averaged only 2.75%, an amount pitifully inadequate to attract new capital. In the meantime other utilities serving the

public have been allowed to earn two or three times as much. Could there be a clearer case for the railroads' long pending request than these simple facts?

Yet hearings, at great expense to the railroads and the taxpayer, have been going on ad infinitum. To cap the climax of chicanery and folly, the railroads, early in September, were forced, by the stalling tactics of the Commission, to publicly *predict calamity and bankruptcy by 1947*. Naturally, a market panic followed and railroad credit weakened. In direct consequence the railroads, as well as allied industries, may be forced to "lay off," and "to abandon" long-delayed plans for improvements. A private facility, yet one as vital as the Army, well able to pay its own way, is being maneuvered into public charge and public expense by public servants paid to *foster*, not destroy.

The public who pays your salary—to say nothing of the Military Affairs Committees of the Senate and House—is entitled to a clear statement as to why, in the light of the above facts, you think that the railroads are not entitled to help from the man who occupies your office.

Sincerely,



Chairman of the Board, Alleghany Corporation

P. S. I am wondering if you made any attempt to withhold recent wage increases until the situation became "clear."

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FORMERLY

SPECIAL APPLICATION
FRACTIONAL HORSEPOWER MOTORS

Bar Assn.'s contention that the handling of legal documents in the banking business should be limited to licensed attorneys. The ruling also forbids a bank or trust company to engage in "preparing any instrument wherein it [the company] is designated as a fiduciary to enforce and administer the provisions in same," or to hold itself out as possessing the requisite knowledge to do so.

The opinion added, however, that "in isolated cases" and without pay, a bank or trust company may "act as the maker's amanuensis in framing any instrument" the maker wishes.

BLOW TO SILVER BLOC

For months the United Silver bloc has licked its chops whenever it thought of the 326,000,000 oz. of silver lend-leased to Britain from U. S. Treasury stocks during the war.

The lend-lease agreement calls for repayment in kind within five years after the formal end of the war (a date yet to be proclaimed). Silver producers happily anticipated that the British government would have to buy large quantities of the metal in the open market to make delivery. With prices already higher than they have been at any time since 1920, the silver bloc figured that British buying, at the very least, would provide a big backlog of demand that would support the market more or less indefinitely, and might easily drive prices up still further.

Last week, Britain's monetary experts stole a march on the silver bloc. Chancellor of the Exchequer Hugh Dalton announced calmly that the British government gradually will withdraw all silver coinage and substitute a copper-and-nickel alloy. By this one stroke it expects to obtain about 250,000,000 oz., worth about \$233,000,000 at present prices.

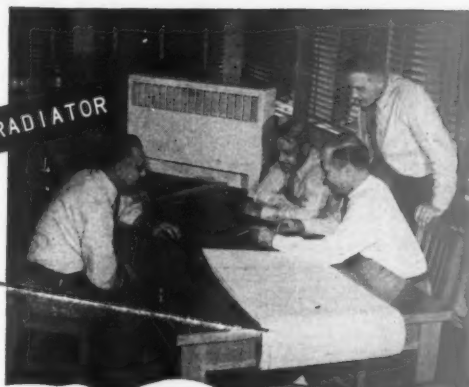
Worse still, from the silver bloc's viewpoint, the British move wipes out a permanent market for the metal, because no more silver will be needed for expansion and replacement of English coinage.

STOCK OFFERING

Another closely held company that plans a public stock offering is Felt & Tarrant Mfg. Co., Chicago, maker of the Comptometer. Felt & Tarrant has just registered with the Securities & Exchange Commission an offering of 251,340 shares of \$5 par common. The sale will be for the account of four principal stockholders representing the Tarrant and Noyes estates and will not be new money financing.

Lee Higginson Corp. and Kidder, Peabody & Co. will head the underwriting syndicate. Felt & Tarrant plans to apply for listing on the New York Stock Exchange.

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**TRANE ENGINEERS MADE THE CONVECTOR-RADIATOR
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**NOW... CUSTOM-TYPE
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Convectors had to be ordered specially for each job until Trane engineers decided to do something about it. There were dozens of cabinet models, and scores of heights, widths, and lengths. Each type of heating system required a different heating element.

To make the convector easy to buy, Trane engineers first designed a single cabinet that could be installed either free standing or recessed. They found that a smaller number of heights, widths, and depths would satisfy nearly every requirement. Then they designed a universal element that would work equally well with every type of hot water or modern-steam system. Finally they devised a system of mass production.

Now Trane can build its standardized Type A Convector-radiator as fast as materials can be ob-

tained. Distributors can easily stock the lightweight packaged units, so that contractors can readily buy them over the counter.

The process of making a Convector-radiator easy to buy is another example of the ingenuity of Trane Engineers, who carry out a constant program of research in the development and refinement of Trane Products and Systems.

All Trane Products are designed and built together for service together. The architect and engineer will find that there is a complete Trane System for almost every conceivable application in heating, cooling, and air conditioning.

More than 200 Trane field engineers in principal cities all over the country cooperate with architects, engineers, and contractors in the application of Trane Weather Magic.

THE MOST MODERN HEATING COMBINATION

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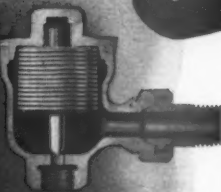
Trane Convector-radiators used with Trane Heating Specialties, either steam or hot water, provide the perfect heating method for any comfort application, large or small.

The new standardized Trane Convector-radiator can now be used economically in every type of building—its cost is no more than old-fashioned radiators, and its installation is far easier and quicker.

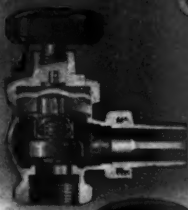
In addition to the packless valve that is fine enough to be guaranteed for a lifetime and the thermostatic trap with the balanced pressure bellows, the Trane Steam Heating Specialties Line includes float, bucket, and direct return traps, and vents, strainers, and other heating specialties for low and high pressure applications. The Trane Hot Water Heating Line features the Trane Circulator and includes flo valves, flo fittings, feed and relief valves in addition to other accessories for a complete system.



The Trane 1/2" Thermostatic Trap



The Trane Lifetime Packless Valve

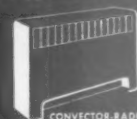


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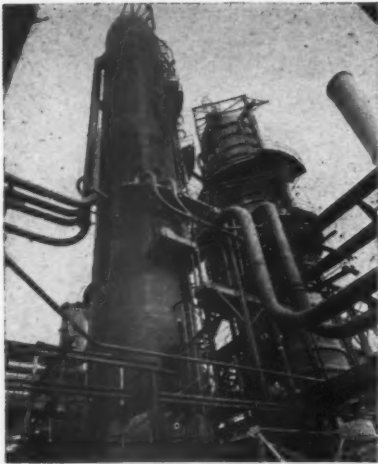
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PRODUCTION

A Milestone in Motors

Westinghouse designed its new steel-frame unit to users' specifications, developed production techniques to cut costs to a competitive level, equipped a new plant to embody techniques.

When Westinghouse Electric Corp. announced its new, steel-frame "Life-Line" motors last week (BW—Sep. 28 '46, p. 66), it broke a hatful of manufacturing traditions with calculated impunity.

• **Pros and Cons**—Steel-frame motors are inherently more expensive to turn out than comparable cast-iron motors (special users of steel-frame motors in the past have paid approximately twice as much for them). But the steel-frame motors also offer potential advantages such as lighter weight as well as increased strength.

To bridge this gap between quality and cost, Westinghouse developed new production techniques and tools, exploited the cost-saving possibilities of standardization, poured some \$30,000,000 into an entirely new plant and production equipment.

The result: a motor 35% smaller than its predecessor, with improved performance characteristics and appearance, assembled in some 28,800 types from 126 parts for each horsepower rating com-

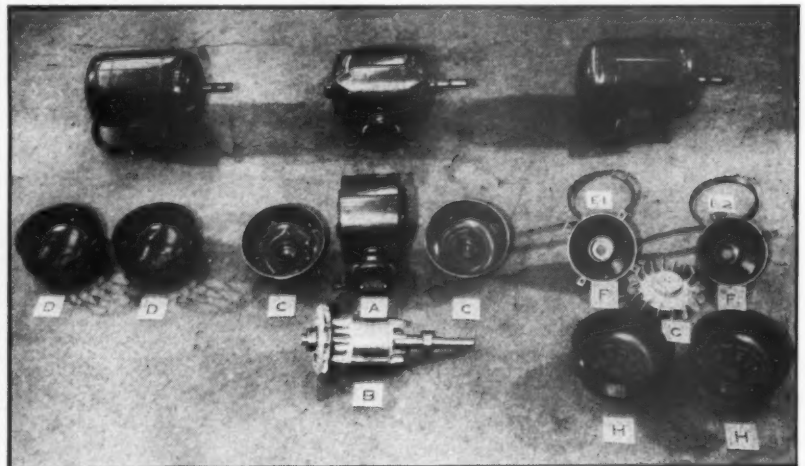
pared with 2,800 parts formerly required.

• **How It Started**—The story of the new Westinghouse motor starts early in 1944, shortly after Leon R. Ludwig was transferred from head of the circuit-breaker and protective-devices engineering departments to manager of the motor division.

His first move was to send out engineering teams from the motor division to interview 28 big users of motors in such industries as automotive, machine tool, chemical, and meat packing. Out of this survey came a series of specifications for the "ideal" motor: freedom from vibration, simplicity of design (for easy repair), ruggedness, improved bearings and windings (the causes of most motor failures), smaller size, lighter weight, improved appearance.

Westinghouse's task, then, was to design a motor embodying these desired characteristics—and still keep the price of the finished product competitive.

• **First Steps**—A special development section of a dozen men was set up



To cut production costs, simplify assembly, and speed output, Westinghouse has designed its new "Life-Line" motors to permit extensive interchangeability of parts. Thus the three motors (above) all have the same stator (A), the same rotor (B). Addition of brackets (C) results in an open-protected motor (center); pivot the brackets 180° so that openings face upward, add hoods (D), and a splash motor (left) results. For the fan-cooled unit (right) the blower (G) is substituted for the smaller one shown on the rotor, then the adapter rings (E-1, E-2), the end bells (F), and the hoods (H) are installed.

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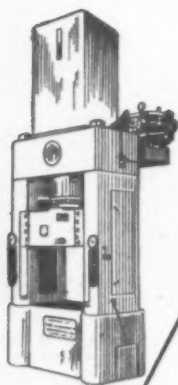


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Selection of Leon R. Ludwig as manager of the motor division signaled the start of a revolution in Westinghouse motor-building practices.

in the engineering department to do nothing but work on motor design. Within a few weeks the first rough ideas for a motor meeting the required specifications began taking shape on paper.

Then shop production men were called into consultation. They studied the "paper" motor, suggested changes which would simplify manufacturing techniques, cut costs. (An example: Slots in a motor's stator have very narrow openings at the top, through which the copper wire windings must be forced. Shop men insisted that if these openings were widened, the winding job could be speeded up. But that would affect the motor's electrical characteristics adversely. Engineers sweated, finally came up with a differently shaped slot, embodying a wider opening plus a rounded instead of a square bottom, to ease still further the ticklish task of properly placing windings.)

The engineering and manufacturing methods worked out, factory layout men were called in to design a manufacturing plant around the still-unbuilt motor. Production line techniques were developed, flow charts for raw materials and semifinished and completed motors set up.

• **Lucky Thirteen**—Concurrently, working models of the motor were built. Twelve models were made and discarded before the engineers got what they wanted (and it was the 22nd version of that 13th model that finally won).

By April, 1945, Westinghouse had the basic design for its new motor in the 7½-hp. size, had done some preliminary work on a 40-hp. size, and was ready to proceed with design work on



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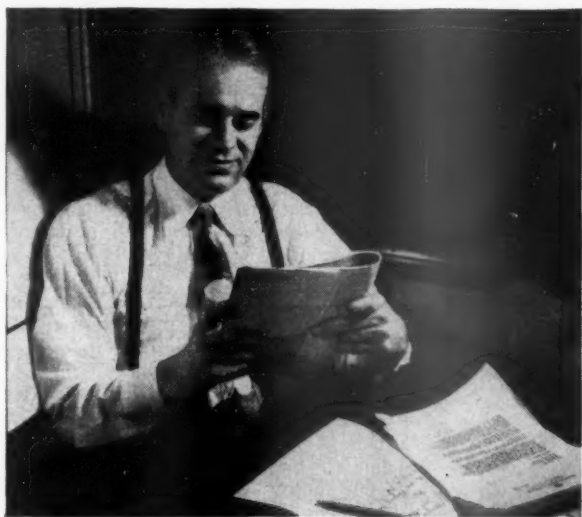
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4. **SAFETY!** No worry about weather, roads or mountains in an all-steel Pullman car. You *get there*—on the *dependable* schedules business trips demand. So who says business and pleasure don't mix? When you go Pullman, *your pleasure is our business!*

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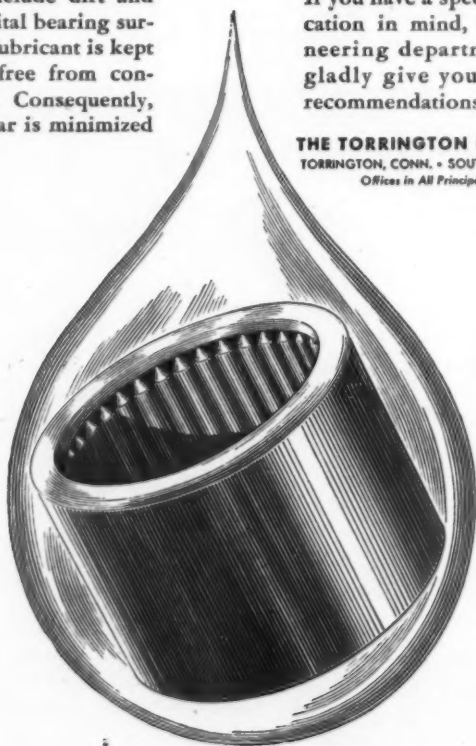
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...less frequent renewal or replacement of the lubricant is required...maintenance costs are substantially reduced.

If you are seeking an anti-friction bearing for an application where high capacity, small size and economical cost are important design considerations, Torrington Needle Bearings may be your answer! You'll find a wealth of pertinent data in our new Catalog No. 32, available on request. If you have a specific application in mind, our engineering department will gladly give you specific recommendations.

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Offices in All Principal Cities



TORRINGTON NEEDLE BEARINGS

other motors ranging from 1 hp. on upwards.

Westinghouse management, shown the new motor, the specifications for new tools, dies, jigs, and fixtures, and the layout for the production plant, accepted the findings of Ludwig and his associates.

• **Expensive Decision**—That decision meant the abandonment of the motor division's existing space at East Pittsburgh and the establishment of an entirely new plant, laid out and tooled specifically for the new—and, at that point, unproved—motor. It meant spending millions of dollars for new equipment necessary because of the radical new motor design.

(Westinghouse management had long recognized the necessity of moving to another location one of the three divisions situated in East Pittsburgh. Removal of the motor division will give the switch gear and the transportation and generator divisions needed space for expansion.)

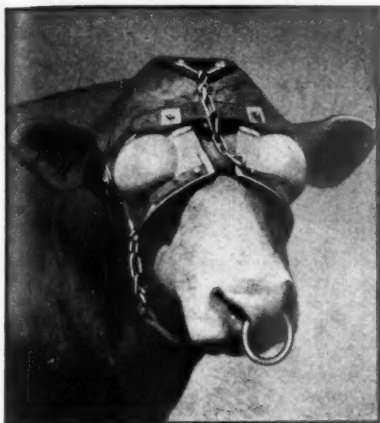
• **Surplus Plant Bought**—Next came the task of ordering required machine tools, dies, jigs, and fixtures, and of locating a new plant site. Ludwig spent five months inspecting surplus war plants in likely locations. Westinghouse lost out to International Harvester Co. in the bidding for the General Motors aircraft engine plant at Melrose Park, Chicago suburb (BW-Dec. 1 '45, p18).

In November, 1945, Ludwig saw the \$18,000,000 Curtiss-Wright airframe plant at Buffalo, N. Y., and in six days had cleared away all except the routine governmental red tape for its purchase at \$9,600,000. In addition, Westinghouse agreed to buy \$1,250,000 in personal property at the plant, is spending \$2,300,000 in modifications there, and will move to Buffalo about half of the tools now at the East Pittsburgh location (with all the new tools being purchased, these will represent only about 20% of all tools in the new plant).

• **"Ideal" Modified**—Only slight modification of the "ideal" production plant setup was necessary to adapt it for layout in the new plant. One production line already is in operation, and this, with a small pilot line designed primarily to train new workers and test out production techniques, turned out some 6,000 motors in September.

Schedules call for full output of a.c. motors by Jan. 1, 1947, d.c. motors by the end of May, and operation of the copper wire drawing department (being moved from Pittsburgh to Buffalo and expanded under Ludwig's direction) by Sept. 1.

• **Output Is Simplified**—The drastic changes in manufacturing techniques have had varying effects—all of them beneficial—on different sections of the motor division. The production depart-



BLIND WITH ANGER

And now the halter that "blacks out" the savage bull—when he attempts to charge. Being made in quantity by Russell Mfg. Co., Platteville, Wis., the lightweight device has underside slits which permit the beast to walk and graze but shuts off vision when he rolls his eyes upward to attack. The unit was invented by Henry Masbruch, Platteville farmer, after two friends were gored, was sold previously in small quantities. Adjustable to any size bull, the halter—which under Russell may reach the 14,000 mark this year—sells for \$12.50.

ment, instead of dealing with a multiplicity of motors having varying frequencies, phases, bearings, voltages, insulation, and wiring to meet differing requirements of users, now deals with the 126 parts out of which a multiplicity of motors can be assembled. The possibilities of speeding up production are obvious.

The engineering department, in handling orders for special motors which formerly required extensive work by highly trained engineers, can now accomplish the same results with clerical employees who need only to refer to standard tables to determine what combinations of the 126 parts will produce a motor having the desired performance characteristics. For the same reason, reduction in clerical work has been achieved in the sales department. Motor inspection has been facilitated by cutting down the number of different kinds of parts that must be inspected.

• **Byproduct**—Tools developed especially for production of the new motor are likely to become an important new source of revenue to Westinghouse. Thus, automatic welders which weld the curved-steel-plate frame into one piece, and which weld the feet to the



More Fuel FOR THE NATION'S FURNACES

Increasing rates in the production of oil reflect the enormous demands being placed on oil field equipment. In many types of old and new machinery Torrington Bearings are delivering the efficient performance which helps establish new production records.

Torrington Bearings are also meeting equally urgent needs for higher production from many types of heavy-duty machinery in the steel, construction, paper, machine tool and other industries. Under normal and severe conditions, they assure the smooth, trouble-free operation which makes possible high speed, uninterrupted performance . . . at marked economies in power and maintenance costs.

For the engineers of Torrington's Bantam Bearings Division have, through extensive experience over many years, become experts in the design and manufacture of large, special bearings for both routine and unusual applications. Consult our engineering staff today on the friction problems of the machines you design, build or operate.

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TORRINGTON BEARINGS

SPHERICAL ROLLER • STRAIGHT ROLLER
TAPERED ROLLER • NEEDLE • BALL



WASHINGTON BELL

THE BELL COMPANY

STAKE OUT **your** CLAIM

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The emergencies of World War II compelled your government to build a great industrial empire—production facilities of great number and variety.

With these emergencies ended, your government set out at once to offer these war-built plants for sale or lease to private enterprise . . . which is as it should be.

A number of these properties have already been disposed of. Others are available . . . still others will be so offered.

Spotted across the nation (in nearly every state) each of these plants possesses specific advantages. Some are large, some small. Many represent the very latest in modern structural design and equipment. Others, acquired as existing facilities, are varying less modern. But all are adaptable to some productive use.

Your government wants to satisfy your needs . . . and liquidate its industrial holdings . . . *quickly*. Accordingly it is offering its surplus plants under genuinely flexible conditions and terms. All are offered for sale or lease. Many are offered in whole or part. Some are designated for multiple tenancy. And credit terms can be arranged.

The unusual flexibility of these conditions and terms is designed to help the small business man particularly. As a further aid, small business has been given a high priority to purchase these plants. Our regional offices will advise you how to obtain this priority certification.

The War Assets Administration invites proposals on all surplus plants. Watch this agency's advertising for specific kinds of plants. Contact and make known your plant needs to the office nearest you TODAY—see listing below.

Write, phone or call for the PLANT-FINDER, a fully indexed, descriptive catalog of Government-owned plants.



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OFFICE OF REAL PROPERTY DISPOSAL, WASHINGTON 25, D. C.

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181-1

what's NEW in POWER?

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machine of its type"*

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Each MIKRO is a special unit designed to give best results on the specific application for which it is intended—the only truly "custom-built" pulverizer. That is why its design registers approval.

Research laboratory, test grinding facilities and service are available without obligation. Submitting a 5 to 50 lb. production test sample of your material will bring a valuable report and recommendation.



NO. 4TH MIKRO-PULVERIZER

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NOW... 2 TYPES TO MEET MOST PULVERIZING NEEDS

MIKRO-PULVERIZER
Reg. U. S. Pat. Off.

frame, do the job several times as quickly as is possible with manual welding—and with superior results. Westing-

house isn't ignoring the possibility of selling these welders to others—perhaps even to competitors.

THE PRODUCTION PATTERN

Standards for Peace

Fractional-horsepower motors built by companies in the National Electrical Manufacturers Assn. will hereafter meet a standardized set of industry-wide definitions. The performance of one motor—in terms of horsepower, speed, breakdown torque, and service factors—will be the same as others of the same rating made by association members.

Announcement of this policy by N.E.M.A., as the first phase in a broad program for the standardization of motors in home appliances, refrigeration compressors, and other applications, adds another important testimonial to the value of industrial standardization. N.E.M.A. is agreeing that such standardization aids mass production; that it benefits manufacturers through advance purchase of materials, better study of effective production methods, longer runs, shorter setup time, smaller parts inventories, and better quality control; that it gives users the advantages of more intelligent specification, surer foreknowledge of performance, simplified replacement problems.

—And for War

The large number of such standards now being employed under the sponsorship of the American Standards Assn. and its members is testimony to industry's growing conviction as to the soundness of standards.

Last week, however, a new note was sounded on this subject. Brig. Gen. Donald Armstrong of the American Standards Assn. told the Air Conditioning & Refrigerating Machinery Assn. that if this country doesn't improve its methods and planning and accelerate its program of standardization, "we shall put ourselves in a position of inferiority in our international relationships, and inferiority may well mean national extinction." He added significantly: "In spite of the progress in standardization from 1918 to 1941, the improvement was not enough. Just as in 1917 and 1918, there was a mad scramble from 1941 to 1945 to compensate for neglect and indifference with respect to standards."

The general sees standardization

increasing the efficiency of production machinery and decreasing the quantity of parts to be manufactured, thus permitting more efficient utilization of manpower and raw materials. To the soldier, a reduction of quantity of parts needed in the pipelines and at the depots means a simplification of military logistics.

Germany and Japan

Both Germany and Japan appreciated the values of standardization—and both regretted their failures in this respect. Albert Speer, Nazi minister of armaments, stated that German production methods and design details were so varied that much could have been done to improve production by standardizing.

A Japanese industrial writer, Masuo Kato, states in his book, "The Lost War," that "Japan's prewar dependence on the outside world for machine tools was an obstacle to the standardization of parts, so essential for mass production . . . rivalry between the Army and Navy was another obstacle. The Army might specify a left-hand thread while the Navy demanded a right-hand thread in an otherwise identical item. When the Navy needed more planes to defend Saipan, Army types were unsuitable, and Army plane parts could not be used in the manufacture of Navy planes."

However, it might be pointed out that this kind of criticism was far less applicable to the shrewd managers of the Japanese textile industry (BW—Aug. 3 '46, p. 43).

Russia

Many Americans will see an incentive to standardization in the A.S.A. report that Russia has 200 engineers on its All-Soviet Standards Committee, the national standardizing body for the U.S.S.R., whose activities cover all engineering and technical fields. It has already issued about 7,000 standards, and new ones are being completed at the rate of about 700 a year. Extensive use is made of such standards throughout all Russian industry, which is obviously alive to their benefits in aiding production efficiency.

RIGHT THUMB

Because photography authenticates...

Courts know this: that you can depend upon the accuracy, completeness, and objectivity of photography...

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Record photography to document accident and progress reports.

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Eastman Kodak Company, Rochester 4, N. Y.

Functional Photography

IS ADVANCING BUSINESS AND INDUSTRIAL TECHNIQS



Grunts and Groans

signify high costs for material handling

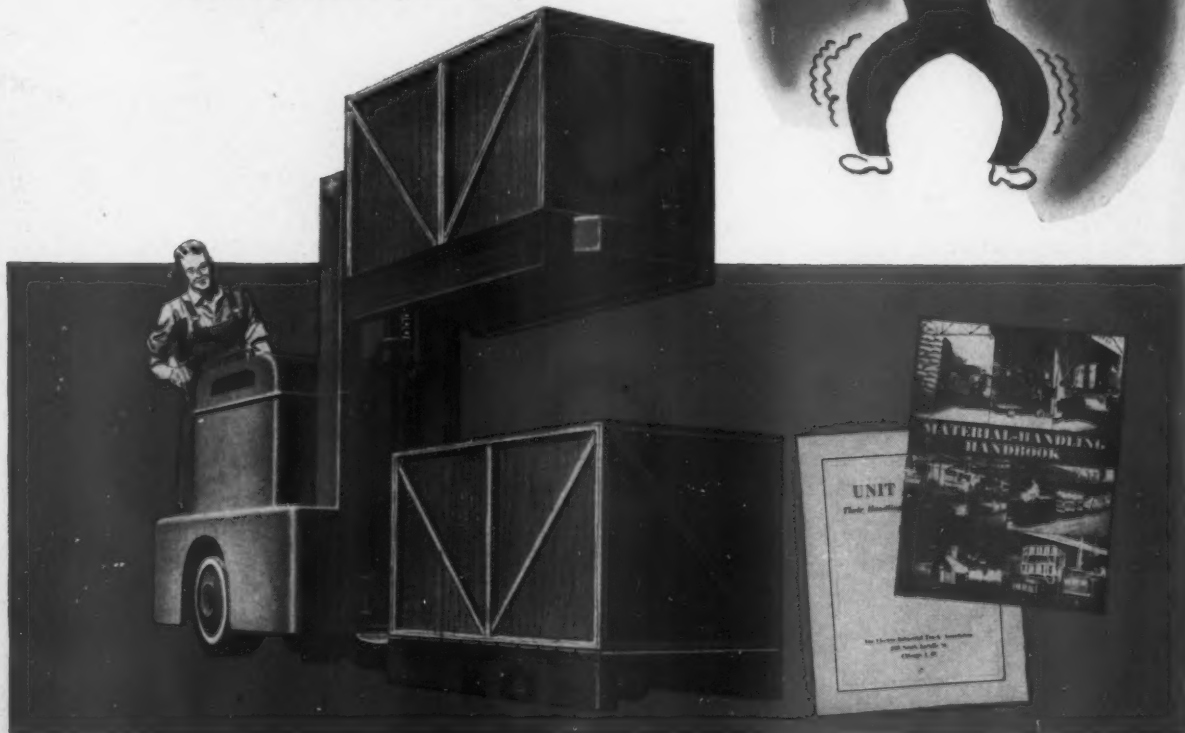
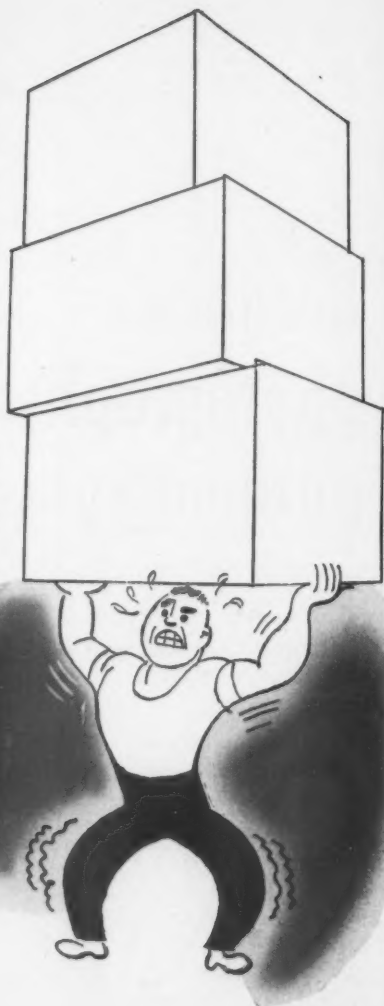
For maximum savings—electric industrial trucks

When men do manual work that machines, under their direction, could do better, faster, more safely, then look for costs much higher than need be.

And, when you consider that handling represents from 10% to 75% of the direct labor payroll—yet adds nothing to the product's value—you have pointed reason for improving your handling methods.

Mechanization of material movement, with *electric* industrial trucks, results in immediate shrinkage of costs, in most cases to less than half their former figure. Corollary savings of smooth material flow are even greater—less time wasted by other workers, fewer accidents to men and materials, better use of space.

Users with broad experience in mechanized handling say that *top* savings accompany the use of *electric* industrial trucks. And remember that over 90% of the electric trucks sold in the past twenty years are still in service. Two free booklets—the MATERIAL-HANDLING HANDBOOK and UNIT LOADS would help your organization take action on the high cost of "grunts and groans."



The Electric Industrial Truck Association
208 South La Salle Street, Chicago 4, Illinois

XUM

NEW PRODUCTS

Kitchen Incinerator

Designed to complement other kitchen units, and available in enamel or aluminum finish, the Calcinator, made by the Calcinator Division of Valley Welding & Boiler Co., Bay City, Mich., can handle up to 60 lb. of garbage and refuse. The gas-fired device



first dehydrates and then burns the refuse, thus, the company asserts, avoiding the release of large quantities of objectionable gases. Operation is entirely automatic. Ashes are removed once a week. It is said that 98% of the heat utilized in waste disposal is provided by the material being consumed. The unit is insulated, and does not radiate heat. Outer casing is formed and welded steel. Combustion chamber is heat- and acid-resistant alloy steel; grates are cast iron and protected by stainless steel shields.

Remote-Control Relay

A vibrating reed mechanism adjusted at the factory to respond to a narrow band of frequencies and to reject all others is used in the Type 182 Resonant Relay made by Stevens-Arnold Co., 22 Elkins St., So. Boston, 27. A small amount of energy received by the re-

lay at its resonant frequency causes the contacts to vibrate. These contacts, in turn, are connected in series between the power supply and the circuit to be controlled. When the relay operates, the current from the power supply is delivered to the circuit in pulses at the resonant frequency of the relay.

Since this pulsating current is not suitable for direct control purposes or for "off-on" switching of a substantial amount of power, a conventional, slow-acting relay is used as an auxiliary "working" relay. The switching of "off-peak" water heaters is an example of such an application. No auxiliary relay is needed for electronic applications. The grid of a thyatron is triggered directly from the vibrating contacts of the resonant relay.

Easy-Clean Shower Head

Manual dislodgement of scale, rust, and sediment is accomplished in the Presto shower head by pressing a button on the face of the unit. The device, built by Repeal Brass Mfg. Co., 2109 E. 27th St., Los Angeles 11, has no holes to clog or face plates to lime up. The head is of chrome-plated brass, and is said to fit a wide range of installations.

Electric Mail Opener

Up to 700 letters a minute can be opened and stacked by the electrically driven "MailOpener," according to the manufacturer, Pitney-Bowes, Inc., Stamford, Conn. The electric drive feeds, opens, and stacks the mail. Cutting is done with rotary knives of alloy steel, which can be removed for sharpening. Feed table is chromium-plated steel; housing is molded phenolic, chromium trimmed; weight is 36 lb. Feeding adjustments are automatic, and a small



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These 2 great strategically situated "City Ice" Cold Storage Warehouses serving New York City, America's largest consuming market, give you a two-way merchandising and distribution advantage. 1) Provide on-the-spot storage for split-second marketing control in this area; 2) provide ideal location for stop-off in transit.

14 COLD STORAGE WAREHOUSES IN THE City Ice SYSTEM

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COLUMBUS, OHIO Federal Cold Storage Co.	TULSA, OKLA. Tulsa Cold Storage Co.
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Get your copy of the latest "Tariff and Directory". Contact your nearest "City Ice" Warehouse or write

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CITY ICE & FUEL
Company**



Figure Crane Costs in *Over-Alls..*

It isn't the first cost that decides which crane is most economical... nor the maintenance cost... nor operating expense... nor "down time" while shop production must be held up for crane repairs.

It is the over-all cost of these factors through the years, and the ability of the crane to deliver what is needed where and when it is needed. On this test of performance Whiting Cranes have been outstandingly successful for more than sixty years, because each Whit-

ing Crane is individually engineered to meet the specific conditions in the plant where it is installed.

If you contemplate building or remodeling, or if time and product changes have made your present equipment inadequate or obsolete, it will pay you to consult Whiting Engineers. Whiting Corporation, 15661 Lathrop Avenue, Harvey, Illinois.

**BUILDERS OF QUALITY CRANES
FOR OVER 60 YEARS**

Dependable · Quiet-Running · Durable

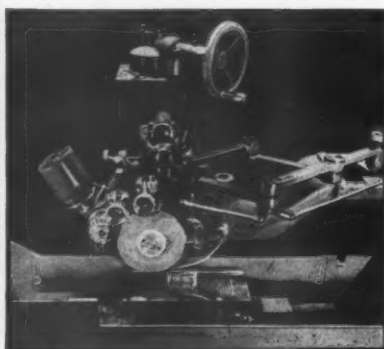
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Overhead **CRANES**
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Offices in Chicago, Cincinnati, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Washington, D.C. Agents in principal cities. Canadian Subsidiary: Whiting Corporation (Canada) Ltd., Toronto, Ontario. Export Department: 30 Church St., New York 7, N. Y.

dial controls envelop trim for thick or thin. It is asserted that the machine will not damage letter contents.

Grinding Wheel Dresser

A single machine, the Panto-Crush wheel dresser, built by the Moore Special Tool Co., Bridgeport, Conn., combines in one unit the operations of



both pantographic, form-wheel dressing and roll crushing. With the device, roll crushing can be used for fast, cool grinding, and diamond dressing for accuracy of form and fine finish. The operator can switch from one method to the other without disturbing workpiece setting. It is said that repeated wheel dressing can be done with the pantographic device from one template. The principle permits generation of irregular forms, such as involute curves or combinations of irregular curves and straight lines. All pantograph pivots consist of pairs of preloaded ball bearings.

Luminescent Markers

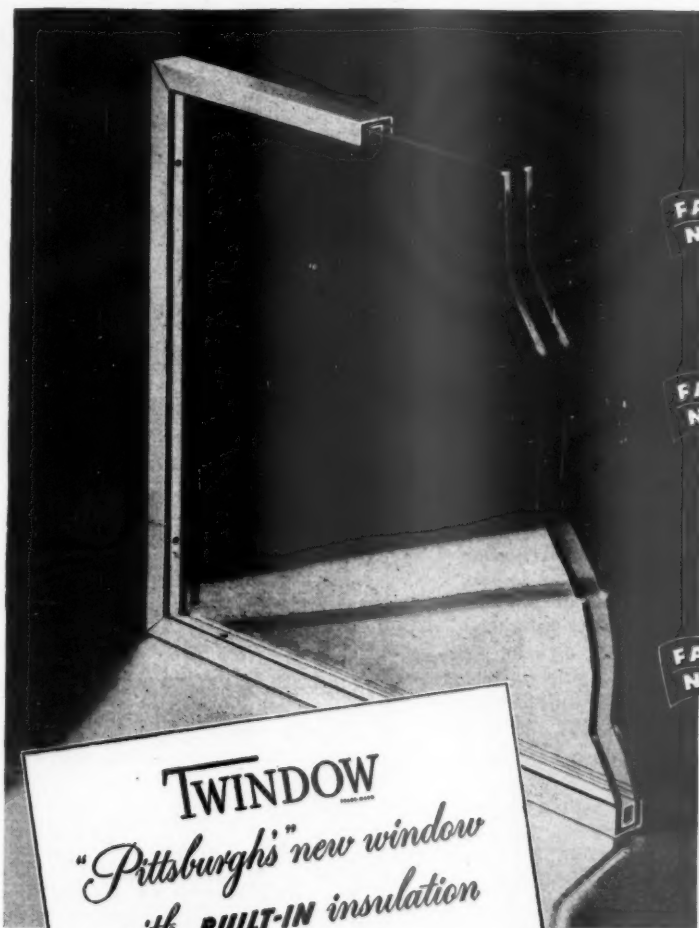
Self-luminous, easily attached markers for switches and keyholes are announced by Radium Industries, Inc., 712 Federal St., Chicago 5. Known as "Atomic Dots" the markers are made with polonium, used in paint form. The special polonium paint does not need to be exposed to frequent light as do phosphorescent products. The markers have an adhesive base that sticks to wood, glass, metal, plastic, or any smooth, nonporous surface. They can be peeled off and placed elsewhere, it is said.

Electronic Multiplier

The I.B.M. Electronic Multiplier, manufactured by International Business Machines Corp., 590 Madison Ave., N. Y., can multiply six digits by six digits and punch twelve digit answers on cards at the rate of 100 a minute. The multiplying unit has no moving parts, having instead a bank of standard vacuum tubes utilizing differentially timed electronic impulses, created by

It will pay to read these FACTS about TWINDOW

TRADE-MARK



TWINDOW
"Pittsburgh's" new window
with **BUILT-IN** insulation



"PITTSBURGH" stands for Quality Glass and Paint

PITTSBURGH PLATE GLASS COMPANY

FACT, No. 1

Twindow is the newest development in insulating windows

It consists of two or more panes of glass with a hermetically sealed air space between, and a protecting frame of stainless steel. Twindow is the result of "Pittsburgh" research to create an economical window unit combining transparency with built-in insulation.

FACT, No. 2

Twindow saves money on heating and air-conditioning

Twindow with two panes of glass has more than twice the insulating efficiency of ordinary windows. With three or more panes, the insulating efficiency is still further increased. This saves money by reducing the load on heating and air-conditioning equipment. It not only saves fuel... it makes practical more and larger windows so that rooms can be flooded with natural daylight. More use of daylight will cut lighting bills.

FACT, No. 3

Twindow makes any building more comfortable and more healthful

It helps to maintain proper temperature and humidity levels. It virtually does away with downdrafts near windows.

FACT, No. 4

Twindow is designed to prevent fogging or condensation on the glass

Except under extreme conditions, its sealed-in air space assures window transparency in any climate. This makes Twindow a "must" wherever clear vision is important... picture windows for homes, store front display windows, large windows in office buildings, factories, and institutions.

FACT, No. 5

Twindow can be handled, installed and cleaned as simply as a single pane of glass

It is a one-piece window unit, completely prefabricated.

We regret that current production is not meeting demands. Deliveries must continue slow until new facilities are completed. When planning new construction or modernization, we suggest you get in touch with our nearest branch to determine if our delivery schedule will permit your use of this finest of insulated windows.

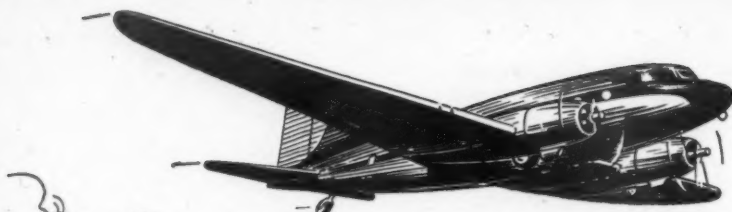
Pittsburgh Plate Glass Company
2393-6 Grant Building, Pittsburgh 19, Pa.

Please send me, without obligation, complete facts about TWINDOW, the window with built-in insulation.

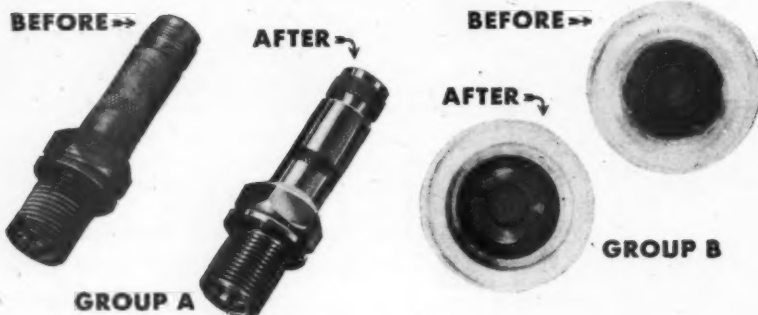
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A plug from the air lines!



Osborn Brushes help keep America's Airliners soaring safely in the skies!

CLEAN spark plugs are important anywhere, but they're an absolute "must" in the skies. Airline operators insist on a periodic and very thorough cleaning; one air transport company alone cleans 75,000 plugs every week, reports "after trying various solutions and methods, the following procedure was found to be not only the best but also the most efficient".

The procedure referred to was to use an Osborn Monitor or Wheel on the threads (shown before and after cleaning in group A) and an Osborn End Brush and Situft with solvent on the barrel well (shown before and after in group B). "The work is fast and does not affect the continued engine service of the plugs".

Not only the aircraft industry but *all industries* and virtually all products have areas which should be surface finished to get peak performance from the part and maximum sales appeal for the products.

An Osborn engineer will bring you up-to-date on the latest Osborn-developed brushing techniques and show you how they can be applied to your business—to get a better-performing, better-looking, better-selling product. Just ask us to have him call, without obligation to you, of course.

New Booklet available! When and where to use power brushes and how to select them. Write for your copy today.

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WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

an oscillating circuit. The operation, completed in approximately 1/60th of a second, is automatic. Each hole in a punched card, representing a specific digit, sets up an electronic record of itself. These records, or representations, of the different digits are detected at the rate of 50,000 impulses a second to produce a mathematical result which is electronically represented. The result is read by the machine and recorded on the card in the form of punched holes.

Folding Dinette

Combining a kitchen table and a dinette set, the "J. C. Higgins Nook," made by Ideal Steel Co., 666 Lake Shore Drive, Chicago, occupies only



25x40 in. of floor area in folded position. The two upholstered benches, covered in leatherette, are connected to hinged arms. A built-in, dual electric outlet is attached to the table. Legs and arms are chrome-plated tubular steel; table top is white porcelain.

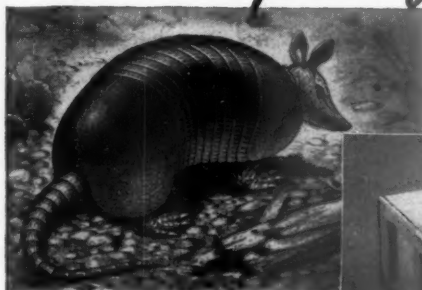
Insulating Roof Coating

A roof coating, called Richlume, is said to have unusual insulating, water-proofing, and fire-resistive qualities when applied with brush or spray to tar-and-gravel tar paper, built-up asphalt, or composition shingle roofs. It is manufactured by the Richkraft Co., Chicago. Richlume is not an aluminum paint, but a coating developed for use on bituminous roofing materials only. A new plastic vehicle for the aluminum pigment is claimed to produce a close bond with roofing materials without penetrating below the roof surface.

In addition, the manufacturer says that the vehicle remains flexible and allows the coating to expand and contract with the roofing under weather conditions, thus preventing cracking,

THE CONTAINER IS

"Part of the product"



.. NATURALLY

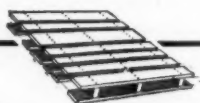


GENERALLY....

NEW

"GENERALIFT" PALLETS

Millions of pallets were used by the armed forces. They saved from 50% to 90% in materials handling. We are now in full production of pallets for all industry. Our engineers will design a pallet best suited to your specific needs. Write today for Pallet Book.

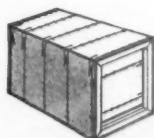


"Generalift" Pallet

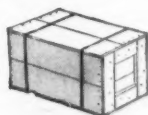


General Corrugated Box

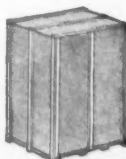
NOTE: Shortage of timber products today is even more critical than during the war. This is due to adverse weather conditions, labor difficulties, pricing maladjustments, over-marking and priority of lumber for erection of homes for veterans, etc. For these reasons, we, like so many others, cannot guarantee production and shipment in terms of usual schedules.



General All-Bound Box



General Nailed Box



General Cleated Corrugated Container



General Wirebound Crate

ENGINEERED SHIPPING CONTAINERS

General BOX COMPANY

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10, Ill.
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchendon, Continental Box Company, Inc., Houston, Dallas.

Look to the Armadillo

—come what may, he goes his way. When danger threatens, he quickly rolls into a tight ball—protected on all sides. And so . . . GENERAL Engineered Shipping Containers are also designed as "Part of the Product." They're engineered to faithfully follow the profile of the product—there's no wasted space, no needless weight. They're extra strong and compact!

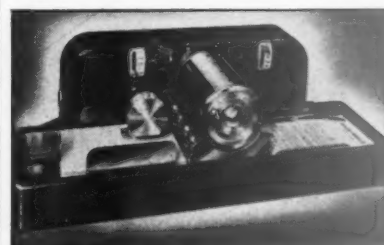
It doesn't matter how fragile or rugged the product may be—how large or small—our engineers will design a container that's best suited for the shipment of that product. Often special inner-packing and blocking provide added interior protection. Frequently the product and the container can move together—as a unit—down your production line.

Let us tell you more about our "Part of the Product Plan." It's an important story. It's a story that will conserve packing materials and man-hours, that will save space and speed production.

bleeding, or checking of the surface. Insulating qualities result from its reflective surface. Up to 80% of the sun's rays are reflected, it is said.

Duplicating Machine

A scaled-in oil mechanism and synchronized operation feature the Red Feather Copy Chief, a streamlined duplicating machine built by Red



Feather Products, Ltd., Redwood City, Calif. The design is said to eliminate uneven tension on the paper and to produce close register on copies. The drum is inked by pouring the ink into a special well. This can be done while the machine is operating. A simple device permits quick removal of the drum when changing colors.

Golf Club Cart

Designed to replace the conventional golf bag, the "Roll-A-Long" cart carries a full set of four woods and ten irons held in place by adjustable, flat-wire spring clips. The device is manufactured by Langhoff Mfg. Co., Milwaukee, and is fitted with 10-in.-diameter rubber-tired wheels. The cart is made of tubular steel and is equipped with a zippered accessory bag. It is designed to fit into an automobile or any conventional golf locker.



A FREE ECONOMY IS WORTH FIGHTING FOR

Business must take the initiative if the price decontrol machinery, set up by Congress, is to be effective. The present price control law is far more than a set of instructions to the administrators of OPA; it is a challenge to business to be aggressive in speeding decontrol decisions and in persuading the Price Decontrol Board to adopt a strong stand for return to a free economy.

Thus far business has not met this challenge. *Two months after the passage of the new price law not a single application for decontrol of a major product had been filed by an industry advisory committee.* This is due in part to the red tape controlling such applications. Nonetheless, a continuation of such inactivity on the part of business can well result in perpetuating price control far beyond the time either the present law or sensible economic policy require.

It was the clear intent of Congress to hasten our return to a free economy. In the legislation continuing the general control of prices, Congress formally declared its purpose to have it "terminated as rapidly as possible."

To accomplish this, the House originally approved a formula which would have made decontrol mandatory when production had attained a prescribed level. The automatic decontrol provision was dropped before the bill was finally passed, partly because of the uncertain effects of strikes on production. But Congress did not mean to return the timing and extent of decontrol to the administrative discretion of OPA.

On the contrary, to assure having price control "terminated as rapidly as possible," Congress created a Price Decontrol Board and gave it power to overrule OPA when the board finds price control should be removed. Moreover, it gave to industry the right and the responsibility to seek decontrol. Also, in a further effort to speed up the decontrol process, it placed narrow limits on the time allowed for board decisions.

Congress had compelling economic reasons for doing its legislative best to speed up decontrol.

1. It is by all odds the best way to eliminate the bottlenecks in production and the black markets which have plagued the country since V-J Day.

Rigid price ceilings promote shortages of badly needed commodities by discouraging their production. Such shortages both upset the flow of production and promote black markets. At present a considerable part of American industry is stymied by shortage of critical parts and materials. Price control is much to blame.

2. There must be flexibility of prices if a round of new wage adjustments, which may be forced on industry early in 1947, is to be negotiated without grave risks of seriously curtailing production.

When, under the leadership of the national administration, the first post V-J Day round of wage adjustments was made, price ceilings were held rigid while wages were boosted. The result was a series of price-wage squeezes which upset production. They would have been disastrous if we had not been in a sellers' market, created by a tremendous accumulation of war-time shortages. In 1947, however, many industries will be in a buyers' market. It must be possible, therefore, to have wage increases reflected promptly in price adjustments if we are to avoid a repetition of the costly post V-J Day round of strikes, which often had price control as the key issue.

3. Rapid decontrol is necessary to maintain a high level of employment and production.

Almost five years of price control inevitably twisted the factors of production and distribution far out of the equilibrium which would prevail in a free economy to which it is the clear purpose of the nation to return. Unless the return to a free economy is facilitated by a speedy and orderly decontrol, the jolt of an abrupt return to competition can be expected to upset employment and production seriously.

It's Up To Business

To encourage speed and boldness in decontrol, Congress provided for the reimposition of control over any prices which, after being released, might get out of hand. The dangers of this sort are chronically exaggerated. During the 25-day period in July

when there was no price control the Civilian Production Administration found that "manufacturers of finished industrial and consumer products have generally exhibited commendable restraint in increasing prices no more than increased costs."

All of this endeavor to speed up decontrol and expand its scope is likely to be futile, however, unless business furnishes the driving power for the machinery Congress provided. OPA certainly will not do it. Neither can the Decontrol Board be expected to go out and drum up cases.

The necessity for vigorous action by business in pressing for decontrol is increased by the fact that the general legislative standards to guide decisions by the Decontrol Board are vague. They must be clarified and sharpened by decisions in specific cases.

The main principle to guide the decontrol of non-agricultural products is that price ceilings shall be removed when supply is in approximate balance with demand. But what precisely does that mean? The meaning will become clear only through Decontrol Board decisions.

The same is true of the principle which makes automatic decontrol of a non-agricultural commodity contingent on whether or not it "is important to business costs or living costs." Business must press cases which will give specific meaning to those vague terms if decontrol is to get on apace.

Cards Are Stacked

At present the government has the cards pretty well stacked against rapid decontrol.

First, the key members of the staff of the Price Decontrol Board are holdovers from the Bowles regime which emphasized the importance of carrying on price control rather than speed in getting rid of it.

Second, in exercising his authority to prescribe regulations to govern petitions for decontrol, the OPA administrator has required excessively complicated statistical and economic data. Manufacturers who are sure they can convince any fair-minded board of the desirability of decontrolling certain of their products assert that they are blocked by statistical entanglements.

Third, OPA has discouraged business from moving immediately under one section of the law to speed decontrol. This section provides that products "not important in relation to business or living costs" may be freed from price ceilings immediately and must be freed by December 31, 1946, unless OPA specifically finds they are important to these costs. Instead of making it possible for business to move under this section now, OPA has issued rules which

have the effect of blocking such a course until the end of the year.

In the light of obstacles such as these, it is not surprising that the record of decontrol to date is not impressive.

Decontrol Record

Since June 30 there has been a drop from about 70% to about 60% in the total value of products under price control. But most of the drop has been accounted for by food products, which Congress took the lead in decontrolling, and by industrial machinery which was being decontrolled when Congress acted. By far the larger part of manufactured consumer goods remains under control.

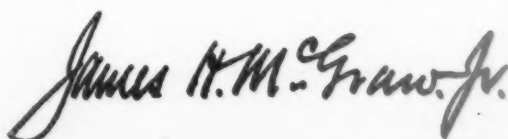
This, however, is no time for business to be discouraged. Rather, business should accept the obstacles put in its way as a challenge and work harder than ever for speedy decontrol.

The case for decontrol should not be stated in narrow technical terms. It should be based on grounds of broad public policy, and should demonstrate how a speedy return to a free economy can hasten the full release of the nation's productive power.

For example, there should be very clear demonstrations of how, in far too many cases, rigid price ceilings—(1) discourage production of key parts and materials by making such production relatively unprofitable, (2) create shortages of key parts and materials which tie up broad ranges of production or result in piling up lopsided inventories of partially completed goods, and (3) thus cut away the foundations of a stable economy and the prospects of steadily sustained employment.

There should be equally full demonstrations of the well known sequence from shortages to unrealistic price ceilings to black markets. Meat prices are rolled back, but the meat is rolled under the counter.

A free economy is worth fighting for. Liberty is preserved only by the constant struggle of those who believe in it. Neither the interests of the nation in a strong and well-balanced economy nor the interests of business itself will be served by drifting at this time. Now is the time for business to lead a strong offensive for speedy elimination of price control.



President McGraw-Hill Publishing Company, Inc.

LABOR

Strike That Can Make History

Pittsburgh's test that failed when city backed down on injunction may prove turning-point in search for labor curbs that has been leading toward the courts.

This week, while ports on the nation's three coasts were again sealed by strikes (page 108); while precedent-setting negotiations were either in progress or about to begin in meatpacking (BW-Jul.6'46,p86), coal (BW-Sep.14'46,p94), and autos (BW-Jul.13'46,p88); and while a new national wage "policy" was evolving (page 7), a local strike in Pittsburgh involving only 3,200 men was of such overriding importance that everything else on the labor front seemed insignificant by comparison.

It was not the economic implications of the Pittsburgh strike, far-reaching though they were, which made it so momentous. It was the question of law, and of the law's limitations in safeguarding the public interest, which was being raised so insistently in a dispute over wages between the Duquesne Light Co. and an independent union of its power-house employees.

• **A Question of Law**—A strike of those employees to back up a 20% wage increase demand was well into its second week and the Steel City was limping along on less than half of its normal power needs.

The drama inherent in the unusualness of a utility strike, in its immediate effect on commerce, manufacturing, and services, and in the staggering economic losses involved gave the dispute a wide popular interest. But thoughtful individuals—in business, in labor, and in government—had their attention irresistibly drawn to a problem which had been unfolded in Pittsburgh beneath the seething surface.

• **Action by Injunction**—Here are the salient aspects of that problem as it shaped up: In order to protect itself against the potentially catastrophic effect of a power strike, the city of Pittsburgh had secured from the court an injunction against a walkout. The walkout occurred anyway, in defiance of the court's order (BW-Sep.28'46,p112).

In action which was clearly contempt of court, and which was subsequently held to be, George Mueller, president of the striking union, led the walkout and attacked the court. Brought before the bench, he was given every opportunity to retract what were, under the law, contemptuous statements. He refused. He also refused to alter his posi-

tion and act in accordance with the injunction by calling off the strike. The court sentenced him to a year and a day in jail.

• **Effect Citywide**—At this point, unions affiliated with the A.F.L. and C.I.O. in Pittsburgh, neither of which had been

too sympathetic to Mueller's independent group beforehand, saw a vital principle at stake. To protest the jailing of a strike leader—his affiliations or lack of them had become inconsequential—these unions struck or threatened to strike almost every important unionized place of employment in the community.

Alarmed by the raging bear they had by the tail, Pittsburgh city officials had presented to the jailed Mueller a company proposal for settling the strike. Upon his promise to submit it to the strikers with his recommendation that they accept it, the court released him in custody of his attorney to attend a union meeting. Instead of accepting the company offer, the meeting voted to entertain no settlement proposal until the injunction was dissolved. The strike continued; Mueller went back to



The voice of authority, represented by Pittsburgh Mayor David Lawrence (above, left), and his instruments of enforcement (below), were holding a tenuous civil peace at midweek in the strike of an independent power workers' union. His appeals for a return to work went unheeded after a court injunction—defied by strike leader George Mueller (center, above)—designed to ban the power strike was withdrawn by the city in the face of heavy union pressure.



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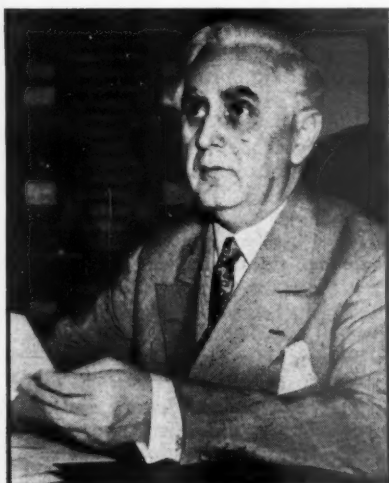
jail; and the sympathetic strike action spread.

• **Strategic Retreat**—Concerned with public health and safety to the point where it was prepared to accept the political liability of a charge of knuckling under to labor pressure, the city administration went before the court and got a dissolution of the injunction about which it had originally felt so triumphant. Mueller went free and the A.F.L. and C.I.O. unions, with few exceptions, called off their sympathy operations.

• **Problem Is Fundamental**—The power strike was still in progress at midweek, still jam-packed with explosive possibilities; but for those who wanted to ponder the basic import of the events in Pittsburgh quite enough data were in.

For the problem so starkly exposed is fundamental; given the degree of unionization which we now have, can the power of the courts prevail in asserting the public interest against a group interest which can command economic forces of sufficient magnitude to threaten the public health and safety?

If what happened in Pittsburgh makes a fair basis for generalizing, then all those proposals which would concentrate in the judicial branch of the government the responsibility for regulating labor relations and maintaining stability on the labor front seem unrealistic. The Duquesne strike's example of impotence of the judicial process in the face of a determined, disciplined body of organized labor, may prove to be a turning point in the thinking of those searching for an effective mechanism to prevent strategic strikes.



Leo T. Crowley, chairman of the board of Standard Gas & Electric, parent body of Duquesne Light Co., intervened in the Pittsburgh power strike with an invitation to the utility workers' union to sit down and talk over their demands.

Labor Catchall

John Lewis' big District 50, uniting doughnut makers and rail workers, is a useful organizing weapon for craft-minded A.F.L.

When the United Mine Workers' District 50 was established ten years ago, the objective was to make a place in John L. Lewis' union for a small group of gas, coke, and chemical workers employed in processing the byproducts of coal. District 50, however, has sprawled over a steadily broadening, patchwork jurisdiction, and its growth has been so rapid that predictions were frequent at its convention last weekend that, by 1948, the district will have more members than the parent union.

Convention registration in Atlantic City showed that 648 delegates were in attendance, and that they came from 1,186 locals in 644 cities and 44 states.

• **All Serene**—In subdued sessions—U.M.W.'s president, John L. Lewis, was in a Washington hospital recovering from an appendectomy—delegates passed unanimously and without discussion more than 89 resolutions, approved an intensified organizing campaign, and otherwise indorsed their national officers and board.

The convention did little to clarify the status of District 50, still one of the big mysteries in American labor. Its actual membership, its financial position, the number of contracts it holds, its jurisdictional limits are all closely guarded secrets in U.A.W.'s oak-paneled offices in Washington. Annual reports, tipoff to the strength and plans of other unions, are not available from District 50 or U.M.W.

This secrecy is not necessarily a symptom of weakness or vulnerability. It merely conforms to miners' union practices, as do all the district's policies. Lewis plays his cards close to the chest, and District 50 is part of his hand.

• **How Big?**—In round figures, Michael J. Widman, Jr., organizing director, reports "well over 300,000" workers covered in District 50 contracts. But not all covered workers carry District 50 cards, and not all members of the union work in plants covered by the contracts. Opposing union estimates of District 50's strength range from 75,000 to around 225,000. These figures are arrived at by subtracting from U.M.W.'s claimed 600,000 members (the number on whom dues are paid to A.F.L.) the number employed in coal mines.

Membership is probably halfway between the two estimates. John Kmetz, District 50 president, claims an 800% gain over the 18,000 on the rolls when he took office. This would make the

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present membership about 162,000.

Whatever the number, steady gains are continuing. Widman reported 18 new National Labor Relations Board collective bargaining victories in September, including several in A.F.L.'s part of "Operation Dixie."

• **Boon to A.F.L.**—Widman's key role in the A.F.L. drive indicates the federation's acknowledgement that it has a place in its ranks for a union which cuts across jurisdictional lines, and which says flatly that it has no interest in or enthusiasm for the A.F.L.'s traditional crafts form of organization.

District 50 now represents such widely diversified groups as employees of cosmeticians on New York's fashionable Fifth Avenue, production and maintenance crews of the Doughnut Corp. of America, nylon hosiery workers, telephone company employees in Indiana, clockmakers, and salt refiners.

Current plans call for new drives in the insulation industry, on railroads, in midwestern shoe factories, among Michigan farmers, on dairy farms and in dairy product plants in the South, and in paper mills and container plants. Both A.F.L. and C.I.O. have unions with jurisdictions covering virtually all these fields, but District 50 is not deterred by them.

• **Organizer**—The district's position is that it is basically an organizing union, and that its province extends to all unorganized workers, regardless of the branch of industry in which they may be found. Its slogan, "Organize the Unorganized," is Lewis-inspired.

The district's particular goal, however, remains those industries in which coal or coal byproducts are an important factor. Public utilities and railroads come under the former classification, and the vast chemical industry under the latter. District 50 researchers have catalogued more than 2,000 chemical products derived from coal, not including dyes, explosives, plastics, perfumes and cosmetics, drugs, and other finished goods based on coal and chemical byproducts. The value of these finished materials and the manpower involved (800,000 unorganized workers in chemicals alone) exceed those of the basic coal industry, District 50 estimates.

• **Helping Hand**—A recent statement by Lewis indicates one way in which U.M.W. may back District 50 in the byproducts field. Lewis prophesied that district members soon will be making all of the explosives used in coal mining operations.

More importantly, U.M.W. has helped its catch-all by making available to it the miners' organizing know-how and generous helpings from the big U.M.W. treasury. No figures have ever been released officially on how much the parent union has spent, but there is little doubt that members—particu-



When President John Kmetz opened District 50's convention in Atlantic City last week end, the former Nanticoke (Pa.) miner—now John L. Lewis' lieutenant—saw in the large attendance indication that the catch-all branch of the United Mine Workers may soon outnumber the parent body.

lary in the early days of District 50—were brought in at one of the heaviest organizing costs in labor history.

Even today the union is financially dependent on U.M.W., for its organizing expenses are greater than its dues income. The district keeps going at its fast pace only because U.M.W. "kicks in every year."

• **Appointees**—The U.M.W. also controls District 50's administration. Officers are not elected; they are named by Lewis and his aides. Kmetz, district president, is a former coal miner from Nanticoke, Pa., who went into the pits at the age of six years as a breaker boy. Kmetz rose through the ranks in U.M.W. to become an international board member and close associate of Lewis in 1926. He was handpicked to direct District 50 after a Lewis purge of left-wing elements.

Kathryn Lewis, daughter of the miners' union president and his former secretary, has been secretary-treasurer of the district since 1941. Associates are quick to emphasize that the job was earned because of her close familiarity with miners' union philosophy and methods. They praise what they call her major role in organizing strategy sessions.

Kmetz, Miss Lewis, Widman, John Ghizzoni, and John J. Mates make up

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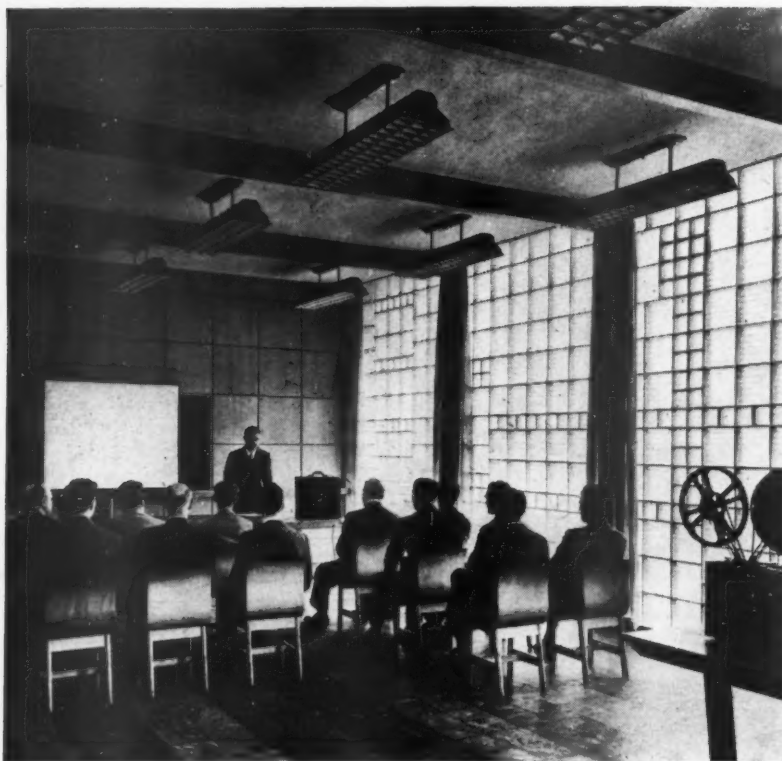
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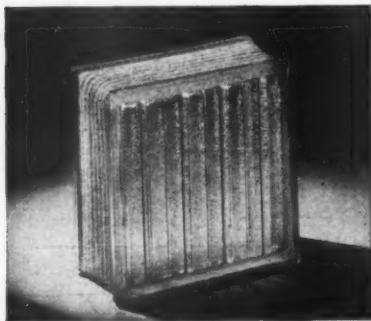


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the organizing committee, which administers union affairs.

• **Cross-Section**—How broad these activities are is best indicated by some of the "unions" which have sprung into being within the structure of District 50.

United Clerical, Technical & Supervisory Union: Now limited to mine foremen and supervisory personnel, but potentially much broader in scope, this union's further development may hinge on court tests it now is facing.

United Construction Workers: Headed by A. D. Lewis, John L.'s brother, this union officially is a part of District 50, but actually operates on an autonomous basis. It has its own subdivisions, and is busy now signing up such strange labor bedfellows as cement and packinghouse workers; construction crews; taxi drivers; and secretarial, culinary, technical, and clerical employees of Yale University.

Utility Workers Union: Strong in New England, this branch is readying for a test of strength against C.I.O.'s left-wing Transport Workers Union in the New York area. It has competed regularly and successfully against the C.I.O.'s left-inclined United Electrical, Radio & Machine Workers, but has not spared the feelings—and jurisdiction—of the A.F.L. International Brotherhood of Electrical Workers.

Paper, Pulp & Sulphite Division: Billed as the only international industrial union in the paper industry, the division nevertheless steps on A.F.L. and C.I.O. union toes in paper mills and logging camps.

Railroad Workers Industrial Union: Set up in 1944, this group now claims recognition for locals of employees of 16 railroads and is threatening strike action in a contract dispute with the Long Island (N. Y.) Railroad. However, Cleveland locals which have complained of insufficient support from District 50 in the past two years are threatening a shift to a standard rail union. The R.W.I.U. also takes in railroad maritime (ferry and tug) workers and has been given jurisdiction by District 50 over other marine groups and airline employees.

Chemical Division: This group is considered the real sinews of District 50.

Dairy Farmers Division: Formed to bargain collectively for dairy farmers (not farm hands) with buyers of dairy farm products, this division reported growth despite the "handicaps" of government price fixing, subsidies, and other "interference and regulation" from Washington.

Fisheries Division: Relative newcomer, this division got a boost when the Rhode Island Shellfish Protective Assn., of "quahaugs" or clam diggers, affiliated with District 50 in August to

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reinforce its bargaining position with shellfish buyers or brokers.

• **Hands Off**—In addition, District 50 has a variety of other subdivisions and unassigned locals. It boasts groups in 28 of the 32 general industrial classifications, and keeps up with the times by representing diggers of vanadium, a basic ingredient for atomic fission experimentation.

This breadth of jurisdiction was fostered by U.M.W.'s withdrawal from A.F.L. and later from the C.I.O. No other labor organization cuts so boldly across union lines, challenges and is challenged on so many fronts.

That fact was a stumbling block for several years when Lewis and A.F.L. talked reaffiliation of the miners with the federation. Lewis refused to permit dismemberment of District 50; federation members, still ranking over encounters with the district in the field, demanded that he do so before returning to the self-termed House of Labor. Lewis finally won out.

• **No Shackles**—U.M.W. reaffiliated with A.F.L. on terms which called for later consideration of the problems raised by District 50 activities (BW—Feb. 2'46, p86). The terms were devised largely for facesaving in federation circles. District 50 was and is intact.

Lewis, Kmetz, and Widman have been quick to interpret the reaffiliation in this light to the district membership. District 50, they assured all locals, was going to be let alone to pursue its policy of organizing the unorganized. Jurisdictional disputes which have arisen are being handled quietly to maintain A.F.L.'s united front in its southern drive.

Organizing philosophy boils down to the injunctions: Don't pick a fight with any A.F.L. union or give ground to dodge one, and don't be bound by the technicality of who is or who is not unorganized where C.I.O. is concerned.

• **Double Use**—With the district now interesting itself in organizing work in the South, that last precept is important. It means that C.I.O. faces the necessity of defensive action against one of A.F.L.'s most militant organizing forces, directed by Lewis himself. It means also that the federation will be fighting C.I.O., indirectly through District 50, on an industrial basis as well as on A.F.L.'s established crafts front.

District 50 gives the A.F.L. a flexible organizing technique by which the federation can (1) organize horizontally on its traditional basis through its crafts unions, and (2) organize vertically in direct opposition to C.I.O. through the industrial District 50. During a period of intensified jurisdictional warfare between A.F.L. and C.I.O., District 50's value to the federation is thus expected to outweigh its potential as an internal trouble-maker for A.F.L.

It's Second-Run

Hollywood movie strike, just a retake of an old drama, highlights the failure of last year's arbitration decision.

Strife in the Hollywood motion picture studios no longer qualifies as news. Each fresh outbreak of union warfare is a re-enactment of a drama that has been staged before.

• **Directed From Plane**—Picket captains added a flourish to the scenario of this week's imbroglio by directing their picket squadrons from a low-flying airplane. Otherwise the strike, identified as a lockout by the picketing unions, was a retake of the jurisdictional squabbles that have gripped the studios for years.

Almost a year ago the A.F.L. executive council ended a 33-week strike of studio tradesmen (BW—Nov. 3'45, p107) by laying groundwork for an arbitration decision which, among other things, awarded jurisdiction over erection of production sets to the International Alliance of Theatrical Stage Employees (BW—Jan. 12'46, p110).

This phase of the decision disturbed the United Brotherhood of Carpenters & Joiners which, by appeal to the executive council a few weeks ago, succeeded in wresting jurisdiction from the I.A.T.S.E.

• **Carpenters Out**—When the studios, fearful of the I.A.T.S.E. and its control over theater projectionists throughout the country, declined to enforce the revised award, the carpenters walked out and unions sympathetic to their cause (principally painters and electricians) refused to work on I.A.T.S.E. sets.

The arbitration decision which closed the books on the big strike last year was regarded then as the remedy for all the jurisdictional struggles in the studios. Its conspicuous failure to achieve peace has given Hollywood a jaundiced view of efforts to conciliate this fight.



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Comeback Drive

U.A.W. campaign to boost foundry wages also furthers deposed president's new bid for power. Union staff cut.

An industry-wide campaign to improve wages and working conditions for more than 100,000 foundry workers in the automotive industry, announced by R. J. Thomas as competitive shop director of the United Auto Workers (C.I.O.), is expected to serve a double purpose. It will (1) launch a long-proposed fight to raise wages in the industry's low-pay division, and (2) provide Thomas with an important new opportunity to further his admitted comeback drive.

Since every move in U.A.W. must be interpreted in political terms as long as the tug-of-war continues between Walter Reuther and Thomas, whom Reuther defeated for U.A.W. president earlier this year, Thomas' bid for support of the foundry workers merits particular attention.

• **One in a Series**—Significantly the Thomas action follows similar moves among workers in truck and trailer, bearing, carburetor, and other of the less-publicized divisions of U.A.W. These groups could provide a strong bloc vote in any future U.A.W. election.

Thomas' foundry announcement called for an intensive organizational campaign, and a conference Dec. 7 and 8 in Milwaukee on strategy for forcing "wage increases, wage equalization, and the establishment of decent working conditions for foundry workers."

Meanwhile, recent slashes in the staff of international representatives of U.A.W. (from 393 to 332) appeared to be evenly balanced between major factions, and were evidently a real move to ease the pinch of higher operating costs and reduced income from membership (down from a wartime 1,150,000 to about 800,000).

• **How They Fared**—Of 155 organizers working for officials, departments, and divisions supporting president Walter Reuther's right-wing union bloc, 29 were dismissed; 32 of 188 on the anti-Reuther and left-wing side were let out. Ford and Chrysler departments lost one each; Reuther's General Motors division, slightly larger in size, was reduced by two.

The national aircraft department was cut from five to two organizers, and the airline mechanics department from eight to four, after a decision to reduce organizing work in the aircraft industry. R. J. Thomas' competitive shop compartment was hardest hit, losing nine of 24 organizers, and George F. Addes,

secretary-treasurer, gave up five of 15 representatives in his auditing office.

• **Addes' Appraisal**—These and other economies designed to save the union \$780,000 a year should make possible pay-as-you-go operations on income computed on a basis of 600,000 dues-paying members, according to Addes. Addes recently reported that the union—a big business in itself (BW—May 18 '46, p106)—had been piling up monthly deficits of about \$70,000, and had reduced its cash reserves to less than \$100,000. Some relief has come from increased dues (\$1.50 a month instead of \$1) but Addes said this alone would not be enough to put U.A.W. back into the black.

The new reduction in personnel was the second in one year. When the war ended U.A.W. had 440 international representatives on the payroll, at a cost of about \$125 a week each, including salary and expenses. The union's newspaper, the United Automobile Worker, was changed from semimonthly to monthly publication earlier this year in another retrenchment move.

Addes assured members that U.A.W. still will have one of the largest staffs in the labor movement, still will be able to give "efficient service where service is needed." The cut is possible, he said, because of "elimination of much of the wartime red tape in labor-management relations and signing of the majority of its [U.A.W.'s] postwar contracts."

LABOR DISPUTE WARNING

Chambers of commerce, trade associations, and other business organizations which are showing increased interest in labor-management relations should refrain from mixing in specific employer-employee disputes, the Chamber of Commerce of the United States recently advised member groups in a labor relations letter.

Warning that in several recent National Labor Relations Board cases, business organizations had been accused of unfair labor practices and interference as a result of their support for management in labor disputes, the national chamber outlined what it believed should, and should not, be done by its members:

(1) Business organizations should "render greatest service to their membership by directing activities to overall problems which affect employer-employee relations generally";

(2) They should not become involved in any employer-employee relations "which are of primary concern as between only one employer and his employees." This type of dispute, the national chamber said, is the type from which trouble generally arises—in the form of accusations of having acted in the interest of an employer.

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by Richardson Wood, INDUSTRIAL ANALYST

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They say that time and again an adequate feeding policy has proved its power to attract a better class of workers: the more intelligent, willing, cooperative type with whom efficient production records are more readily attained. Many say it reduces fatigue and accidents, saves time, reduces labor turnover and generally improves plant morale.

- ★ In-plant feeding is accepted as a realistic and obvious industrial development, not only by labor, but by a growing share of management, the best evidence that wartime experience has proved its case: that employee feeding is here to stay!

From a postwar survey on *Industrial Feeding* by Richardson Wood. A complete report revealing management experience and opinion, with facts and figures, will gladly be sent free on request.

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Joint Control

Employment service plan permits states to determine worker benefits, but U. S. controls pursestrings.

At least one significant change will result from the return of public employment offices to the states Nov. 16, as ordered by Congress in its last session. There will be better coordination of placement and unemployment compensation functions, with the employment service now playing second fiddle to the state unemployment compensation bureaus.

Otherwise, return of free hiring service to the federal-state cooperative arrangement that existed under the Wagner-Peyser Act before the offices were federalized in January, 1942, will make little immediate difference to either employers or job-seekers.

• **Local Decision**—While the 1,800 employment offices have been operated by the U. S. Employment Service, a bureau within the Labor Dept., it has been the federal government that determined when a worker was unemployed and entitled to the unemployment benefits which the state allowed. This has been a source of considerable friction, particularly where the states disagreed with the usually more liberal criteria used by USES.

Beginning Nov. 16, the state unemployment compensation office, which has always footed the unemployment bill, will recover its right to determine who is unemployed. It will lay down the rules for the employment service, which usually will share the same office.

But if a state wants to receive federal funds to operate employment offices, it will have to meet the standards which Labor Secretary Louis B. Schwollenbach laid down this week. For states which qualify, Congress has agreed to pay these operating costs in full (BW—Aug. 10 '46, p94), rather than on a matching basis, as formerly.

• **Stipulations**—Described as "flexible enough to meet the needs of each individual state," the standards are about what they have been under federal operation, but leave some room for discretion on the part of the states.

For instance, Schwollenbach asks the state employment offices (1) to insure "so far as practicable" that workers are put in jobs utilizing their highest skills; (2) not to recruit a worker for a job where the wages, hours, or other working conditions offered are "substantially less favorable" than those prevailing in the area for similar work; (3) to make no referral that would aid in filling a job which is vacant because of a strike or

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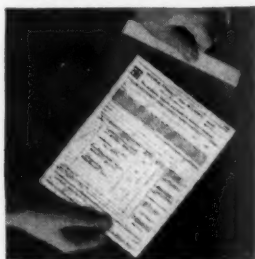
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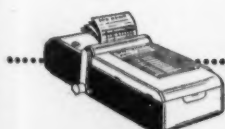
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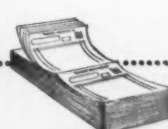
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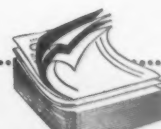
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lockout, or the filling of which is an issue in a labor dispute.

• **Maintenance of Standards**—Each state, among other things, will also have to (1) cooperate with USES in interstate recruitment and transfer of workers and maintain an "adequate" intrastate system; (2) provide "adequate" employment counseling service for veterans, as required by the G.I. bill of rights; (3) continue occupational analysis and industrial services; (4) maintain a labor market information service; and (5) participate in programs for increasing and stabilizing employment.

Where a labor-market area covers parts of two or more states, the states involved will have to make arrangements so that workers and employers will have full benefit of the service without regard to state boundaries.

• **Narrow Choice**—The states are to submit their proposed plans of operation to Schwollenbach. If he withholds funds from an unsatisfactory state office, the alternative is no office at all (unless state-supported).

USES, under director Robert C. Goodwin, will remain a Labor Dept. bureau devoted chiefly to coordinating activities of state employment systems.

• **Tax Funds**—Employers are bearing the cost of the employment offices through the 3% federal payroll tax for unemployment compensation. Washington gets one-tenth of this, or 0.3%, for a general, unmarked fund, from which Congress has appropriated the cost of administering the hiring offices.

Not all employers, however, pay 3% because they may offset against this amount their state unemployment compensation tax plus any reductions allowed by the state because of a steady employment record. Since the total offset may not exceed 2.7% of the payroll, the federal government is assured of 0.3% for administrative purposes.

STILL ANOTHER JOB

Edwin E. Witte (right), chairman of the University of Wisconsin's economics department, and special government mediator and fact-finder, has been named by Secretary of Labor Schwollenbach to head up the electrical contracting industry's welfare fund. The board administering the fund is made up of seven employer and seven union members representing some 2,000 contractors and 100,000 members of the A.F.L.'s International Brotherhood of Electrical Workers, who are jointly financing the first industry-wide welfare agreement in the construction field, where employment traditionally is irregular.

For Wage Equity

Job catalog completed by Big Steel and C.I.O. union is destined to remove intraplant disparities in entire industry.

One of the most intricate labor-management job studies ever attempted was completed this week when the United Steelworkers of America (C.I.O.) and five steel-producing subsidiaries of the United States Steel Corp. formally agreed on principles and procedures to be followed in establishing plant standard hourly wage scales, and in eliminating intraplant wage rate inequities.

• **Pattern for Industry**—The agreement covers, initially, the 225,000 employees of Carnegie-Illinois Steel Corp., National Tube Co., American Steel & Wire Co., Tennessee Coal, Iron & Railroad Co., and Columbia Steel Co. It is expected to be a pattern for similar agreements which will standardize some 62,000 jobs held by more than 500,000 workers in the entire basic steel industry (BW—May 18 '46, p102).

Ultimately, U. S. Steel and the union expect the agreement to provide standard wage rates for jobs in all of the corporation's steel-producing plants.

• **Started in 1945**—Representatives of U. S. Steel and the C.I.O. union sat down together early in 1945 to comply with a National War Labor Board directive of Nov. 25, 1944, requiring 85 basic steel producers to eliminate intraplant wage inequalities by bringing lower paid workers doing similar jobs up to the scales of higher paid workers. The directive set a 5¢-an-hour limit on upward adjustments (BW—Dec. 2 '44, p16). By agreement, U. S. Steel negotiated first, for the corporation had done





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By invitation, 300 top artists are showing their work at Pittsburgh's Carnegie Institute from October 10 to December 8. The exhibition, "Painting in the United States, 1946," is the largest and most comprehensive art show in America.

No other contemporary art show ever compared with it in importance, except the Institute's own "Carnegie International"—currently a war casualty—which drew up to 175,000 visitors to the galleries each year.

A dozen or more Pittsburgh artists will show paintings in the exhibit. This is the climax of the local art year. The rest of the year, Pittsburgh artists show their work through such groups as the Associated Artists, the Golden Triangle Artists Association, and the Arts and Crafts Center.

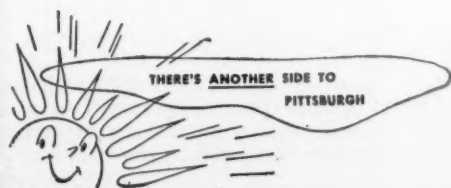


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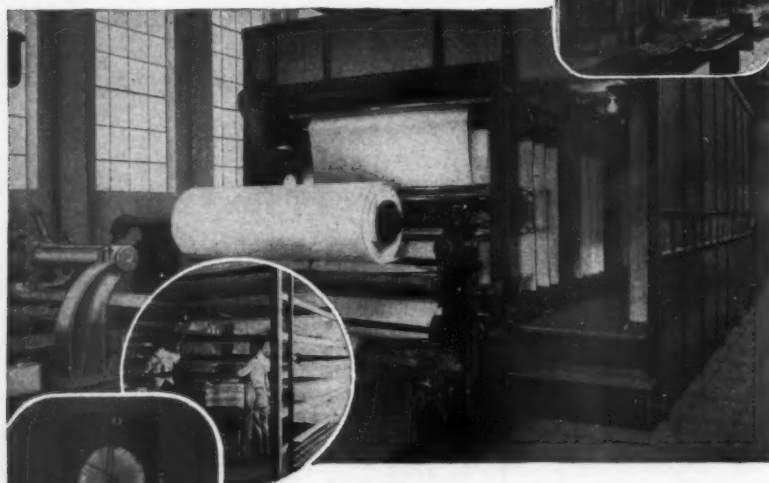
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some spadework three years earlier toward reclassifying its highly complex job structure. Other major producers assured the union that they would accept any standardized guide worked out with U. S. Steel.

For more than one year labor and management conferees made a painstaking survey of 25,000 different steel mill jobs, devised a mutually acceptable description of each job, and lumped related work into 30 general categories.

Using the job descriptions, the commission then (1) worked out a schedule classifying each job on the basis of its job content, and (2) set "proper" hourly wage rates for all jobs having the same plant ratings.

• **Retroactive Payments**—Company and union estimated that the new scale will mean an average increase of 3½¢ an hour per employee, which falls within the 5¢ limit set by the two-year-old NWLB directive. Individual increases range from ½¢ an hour to about 30¢ on a few jobs now well below the computed normal job rate.

Since by NWLB order the adjustments are to be retroactive to Jan. 1, 1944, the union estimates U. S. Steel's subsidiaries must pay between \$40,000,000 and \$45,000,000 in back wages. The company released no estimate, but said that 54.2% of all present production workers are eligible for payments.

Some adjustments will also be made in wage scales found to be too high. No such downward revision will be made for employees now on the payroll until after Feb. 15, 1947, by which time the company anticipates that normal turnover of employees and installation of new or revised incentive plans will aid in an "orderly" changeover.

• **Not Across the Board**—Both labor and management emphasized one thing: Adjustments being ordered are simply for the elimination of intraplant inequities; they cannot be regarded as general across-the-board wage increases.

So far, only the formula for adjustments has been worked out. Conferences are continuing on how to extend it to incentive-pay workers and salaried employees.

Conferences are being conducted by the union with representatives of 30 other basic steel companies on application of the yardstick to their plants; settlements have resulted with Andrews Steel Co., Follansbee Steel Corp., and Mercer Tube Co.; and more than two dozen other corporations are reported to have agreed to use the U. S. Steel formula.

NO REOPENING CLAUSE

A 194-day-old strike at Allis-Chalmers Norwood plant in Cincinnati ended this week with C.I.O.'s electrical workers union winning the same wage increase,

13½ an hour, set in other Allis-Chalmers settlements, and a checkoff of dues.

One difference: The Norwood contract contains no wage reopening clause, but the company agrees instead to give Norwood workers any "general wage increases" won by other Allis-Chalmers workers.

Shipping Crisis

Officers' strike involves few workers but causes almost as much concern as the recent nationwide maritime tie-up.

For the second time in one month, the shipping industry this week got caught in the middle of a strike crisis as two C.I.O. unions and one in A.F.L. pressed demands for wage and other contract adjustments. Relatively few workers were involved, but because of the key jobs held by strikers the situation aroused nearly as much concern and conciliation effort in Washington as the recent nationwide maritime tie-up (BW—Sep. 14 '46, p15).

• **Demand for 30%—A.F.L.'s Masters, Mates & Pilots Union**, which includes ship captains, demanded 30% wage increases and union security. M.M.P. membership is reported at 12,000 nationally.

C.I.O.'s Marine Engineers' Beneficial Assn., of 1,500 ship engineers, demanded 35% more, a tighter union security clause, and rotary hiring.

• **Agreement on West Coast—Harry Bridges' West Coast International Longshoremen's & Warehousemen's Union (C.I.O.)**, which originally had demanded 35¢-an-hour raises, reached an agreement with employers on terms for a new contract, but final settlement was delayed under a reciprocity agreement between I.L.W.U. and M.E.B.A. as members of C.I.O.'s Committee for Maritime Unity.

As in the September maritime strike, the path toward settlement was smoothed by a split in attitudes of East and Gulf Coast ship owners on one hand, Pacific Coast employers on the other. The former quickly indicated willingness to settle with a compromise wage increase and new union security grants. But the Pacific group balked at security and hiring concessions. As before, this afforded government (this time the Maritime Commission) an opportunity to intervene.

• **Holdout Unlikely—Unions** were assured the commission would accept for West Coast government-owned vessels any agreement made with East and Gulf operators. This, in effect, set standards against which western private operators could not be expected to hold out.

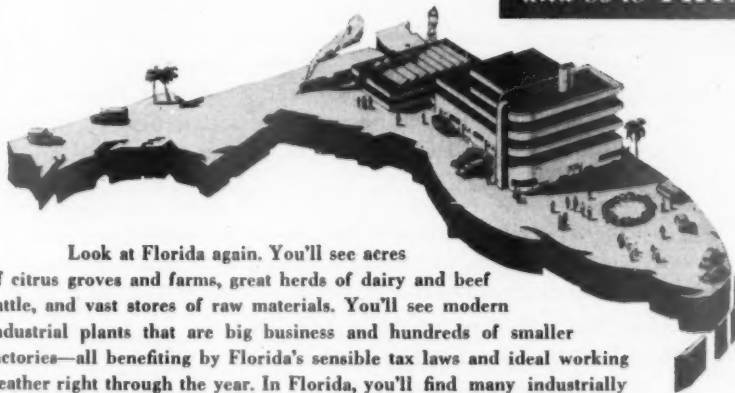
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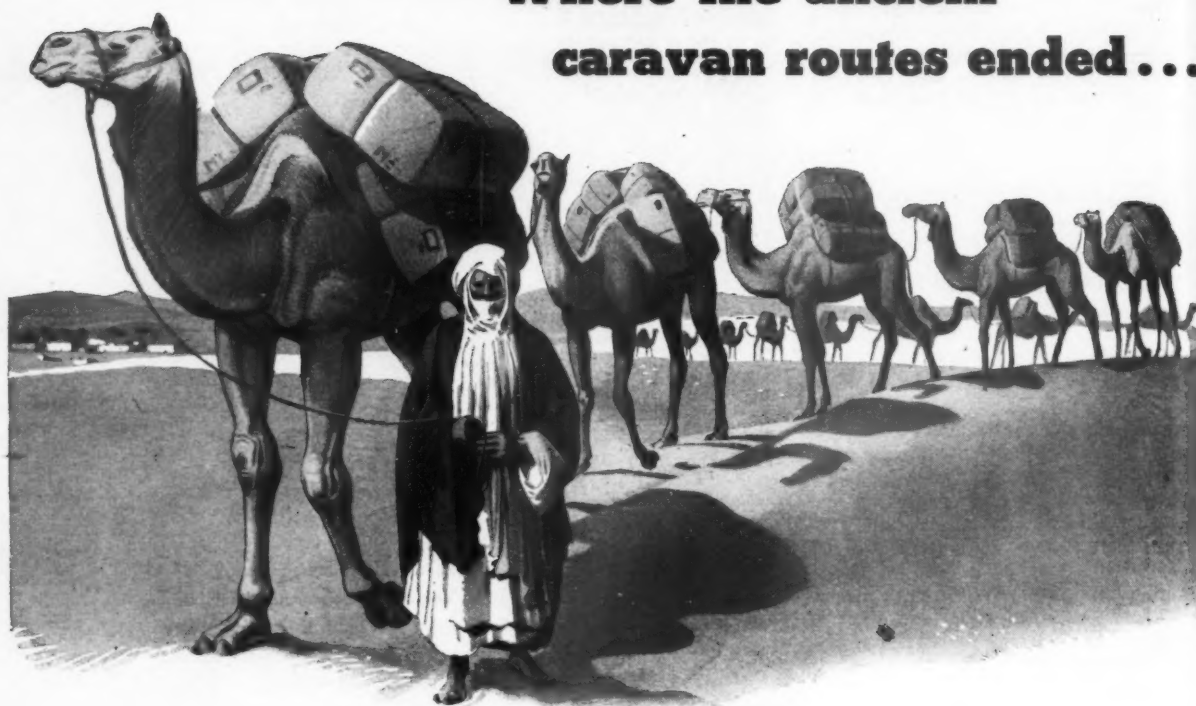
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THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
OCTOBER 5, 1946



Main outlines of Washington's aggressive new Russian policy are being sketched in bold, rapid-fire moves.

In Germany, the British and U. S. zones will be merged as quickly as possible into a single economic unit.

Industries formerly earmarked for reparations are now to be left intact, and pushed into production to provide jobs and supplies, and to prevent the spread of unrest.

It is being made clear to Moscow that, if Russia refuses to cooperate in the Potsdam plan to restore Germany as an economic entity, the western allies will develop their own operating pattern to meet Russia's tight unilateral control over eastern Germany.

In the Adriatic, Washington will flatly balk all Yugoslav efforts to grab Trieste.

And to strengthen Washington's position, fresh efforts will be pushed to help Italy back on its feet as a base from which to stage any showdown which Yugoslavia may force.

But it is in the eastern Mediterranean that the real test will come.

Greece, Turkey, Syria, Palestine, Iraq, and Iran make up a danger zone of first magnitude—the area through which lies the shortest route to the industrial heart of the Soviet Union.

Whatever the desolation today, and however important the new industrial regions east of the Urals, the Ukraine (food, fuel, heavy industry) and the Caucasus (oil) will always be strategic bases for Moscow—at peace or war.

The U.S.S.R.'s recognition of this fact accounts for Moscow's aggressive diplomacy in northern Iran, for the bitter Soviet demands that British troops get out of Greece, and for feverish Russian diplomatic activity in Egypt, Syria, Iraq, and Iran.

But, most important of all, it is the reason for Moscow's mounting claims on Turkey—including the right to have a giant Soviet base on the Dardanelles.

London recognized the issue long ago, but Britain is no longer a big enough power to meet the threat single-handed.

The most British officials could do was maintain an army in Greece, move quickly to create a base in Cyprus to replace the one lost in Egypt, and hope that the U. S. would join forces with London to maintain the status quo in the Mediterranean before Russia moves into the vulnerable zone stretching from Salonika to Basra.

Washington now is accepting this responsibility.

Objective clearly is to keep Russia out of this stretch of territory.

With this threat of vulnerability hanging over its head, Moscow—it is reasoned—is likely to be held in line with U. N. planning.

Principal danger lies in the possibility that Moscow, realizing now that Washington and London will do everything in their power to prevent Russia's gradual absorption of the region, will risk a bold stroke to improve its position, test the metal of the opposition.

The visit of the powerful battleship Missouri to Istanbul last winter, and

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

OCTOBER 5, 1946

of the aircraft carrier Franklin D. Roosevelt to Piraeus this summer were signals that Washington would meet force with force.

This week's blunt statement by Secretary James V. Forrestal that the U. S. fleet is in the Mediterranean to stay is but the latest warning that Washington intends to use force if necessary to maintain the integrity of the small nations now threatened.

It is this country's unequivocal notice to Moscow that:

Greece is not going to be handed over to covetous neighbors;

Turkey must be allowed to remain a completely independent nation with full control of all its territory—including the Dardanelles;

Iran is not going to be abandoned to the Russians without a struggle.

Actually, since Washington has definitely decided on this bold policy, the more forcefully its stand is backed the less likelihood there is of trouble.

Moscow will bluff as long as the Kremlin leaders believe they can win their point by default on the part of the western powers.

But without the atomic bomb and lacking even 1940 industrial capacity to support a show of military force, Soviet leaders are not likely to risk a showdown on any issue on which Washington's stand is as clear and as firm as it is in the eastern Mediterranean today.

As predicted (BW—Jul.27'46,p.103), Britain is rushing plans for the purchase of U. S. machinery and supplies with the proceeds of last summer's \$3,750,000,000 loan.

London revealed this week that negotiations are now well advanced for the purchase in the U. S. in 1947 of two million tons of steel ingots.

And other British interests, with the same business aggressiveness that has given them the jump on various foreign competitors, now threaten to invade the U. S. market for electronic navigation control equipment.

Following the advantage they won last May with an international exhibit and discussion of radio aids to marine navigation which was attended by avid buyers from 22 nations (BW—Jun.29'46,p.56), Britain's Decca Navigator Co. is now setting up a wholly owned American branch to sell equipment in the U. S.

American competitor to the Decca Navigator is Loran, on which the first big international showing has been delayed until some time in 1947.

You can expect an all-round lowering of international air-mail rates following this week's slash of rates to Canada and Mexico.

Washington may establish lower rates to other countries even before they are prepared to reciprocate.

It's a business gesture—to help the burgeoning foreign air service, and to help U. S. business reach potential customers ahead of the competition.

Municipal authorities in Sao Paulo, Brazil, are expected to announce soon that the New York engineering firm of Parsons, Brinckerhoff, Hogan & Macdonald will build the city's first subway system.

Feature of the contract is that the company will accept payment in Brazilian currency.

BUSINESS ABROAD

"Enemy" Trade: What's Ahead?

Most German and all Japanese exports still being handled through U. S. Commercial Co. Direct contact with German suppliers possible soon. Freedom from control awaits political stability.

When the Office of International Trade of the Dept. of Commerce issued an invitation to all interested businessmen to go to Europe to shop for German luxury goods, it expected to be swamped with requests. So far, fewer than 100 applications—evenly divided between importers and retailers—have been received. The government is at a loss to explain the apparent lethargy of importers, who had been crying for a chance to do business in Germany.

Of the first list of 46 applicants, 32 have been cleared by the military government and may get passports. A second list of 42 names has been forwarded to Berlin.

• **Japan Still Closed**—It is still impossible for traders to do business in Japan, but Gen. MacArthur's headquarters—Supreme Command Allied Powers—is expected to permit travel to that country as soon as facilities for visitors are available.

In the meantime, the bulk of exports from Germany and all exports from Japan are still in government hands. They are brought to the United States by the U. S. Commercial Co., a Reconstruction Finance Corp. subsidiary, and sold or auctioned to buyers here.

• **Going Up**—Trade with both of these occupied areas is rapidly increasing in volume and importance, although it is, and will remain, a minor factor in overall U. S. trade. No estimate of the volume of potential trade with Germany, and no useful list of available goods, has been released. For Japan, Gen. MacArthur's economic staff plotted a 1946 export program (BW—Mar. 2'46, p108) but has not yet approved a 1947 export list, although such a list may be available soon.

Actually trade with the U. S. zone of Germany so far amounts to only a few million dollars, but trade with Japan will run to several hundred millions during the next year, principally from silk sales to the U. S.

Trade with ex-enemy countries is a complicated affair. A half-dozen government departments have a say in planning trade policy—State, War, Commerce, Justice, and Treasury in particular.

• **Objectives**—Primary objectives are the speedy return of trade to private hands

—which must be weighed against security aims and over-all policy toward enemy countries—and encouragement of economic reconstruction to reduce as quickly as possible the costs of occupation.

In addition, some trade is encouraged to provide essential goods for a needy world. This last consideration has prompted the supplying of raw cotton to Germany and Japan for processing and export to textile-short nations, and the proposal to reopen ex-enemy nitrogen plants so as to supply urgently needed fertilizers to Europe and the Far East.

• **Decisions Up to Army**—Decisions governing production and what constitutes exportable surplus are made by the economic staffs of the occupation authority in Germany and Japan. Until recently the military communicated data on exportable goods to the U. S. Commercial Co., which found buyers in the United States or, after discovering several potential buyers, imported the goods and offered them for sale at auction.

Now, while USCC continues to act as middleman in trade with Germany

and Japan, it will be possible for importers to make short-term contracts directly with German producers, after specific studies in the field and consultation with the military authorities. As far as possible, the government is anxious to prevent preclusive deals which might eliminate competition between importers in the U. S.

• **Old Adage Holds Good**—Nevertheless, it is the considered judgment of experts that many of the contacts now being made—and innumerable businessmen are missing out on a chance to make these contacts—will accrue to the profit of the early birds.

The USCC doesn't buy anything. It simply acts as agent or middleman. If you want to buy something you believe to be available in Germany or Japan, the USCC will forward your request to the military government. If it is available on terms acceptable to you it will be sent to the U. S. consigned to USCC, which will turn it over to you. You pay USCC, and the funds are credited to the military government, which uses these funds to reduce the deficit in occupation accounts.

• **Auction Procedure**—When the USCC receives goods for competitive sale here, it calls in prospective buyers and takes their bids. So far as possible, USCC tries to play no favorites, grants no exclusive contracts.

No firm policy exists on restoring pre-war exclusive-agency rights to American retailers. So far only one such decision has been made: Leica products will again be distributed in the U. S. by E. Leitz, Inc., New York, an alien company still in the hands of the Alien Property Custodian, with substantial stocks of



Most pretentious of exhibits of Munich is a Bavarian-built prefab designed with U. S. markets in mind. But whether the Germans can overcome the bottleneck of raw materials and counter prejudice with low prices is conjectural.

Guide to Importers

Businessmen with a legitimate interest who want to go to Germany (at their own expense) to arrange purchases of luxury goods should communicate with the United States Commercial Co., Temporary Bldg. T, Washington, D. C., giving full details on their needs and wishes. The request will be forwarded to Germany, for approval by the U. S. Military Government.

Importers and retailers interested in buying German and Japanese goods available in this country through the United States Commercial Co. should communicate with USCC at 44 Pine St., New York. Some goods are on exhibit in New York.

Businessmen anxious to renew old contacts with German suppliers can write to USCC, which will forward the information to occupation authorities. Chances of immediate action are slim, but it will pay American businessmen to get their story to the authorities overseas now, pending removal of restrictions on commercial correspondence with enemy nationals.

replacement parts for Leica instruments and cameras.

Other American companies with pre-war distribution contracts with German producers are sure to ask renewal of these rights, but the USCC and the government in general, under the watchful eye of the Justice Dept., are hesitant to sponsor such deals. They'd rather wait until private contacts can be made between American and German businessmen.

It is hoped now that commercial correspondence with at least the U. S. zone of Germany will be possible before the end of the year.

• **Interzone Prospects**—At present, trade is still restricted to the American zone in Germany—although British traders can buy in the British zone through the United Kingdom Commercial Corp. However, Washington will forward requests for information on goods known to be produced in the British zone to the U. S. occupation authorities; plans for unifying the British and U. S. zones economically ought soon to make it possible for such goods to cross zone frontiers for export.

U. S. policy on occupied-area trade is complicated but not confused. Following a policy of nondiscrimination, the U. S. has peddled German hops among a half-dozen European countries and imported a substantial volume to the U. S. A big order for lumber placed in

the U. S. zone by Britain was divided among other needy European countries at U. S. suggestion.

• **Patent Problem**—Right now an inter-departmental committee on trademarks, patents, and copyrights is seeking solution to problems arising from the reappearance of German goods in international trade.

It is considering protection of German rights as well as prevention of cartel reconstruction. Treasury, State, Commerce, and Justice department officials sit on the committee.

• **History**—The U. S. Commercial Co. started out as a buyer of critical materials to help the U. S. war effort, branched out during the war to engage in preclusive trade—buying goods in neutral countries to keep them from enemy buyers—and wound up with responsibility for promoting trade with ex-enemy areas as go-between for American and ex-enemy businessmen. Unless renewed by Congress, the USCC charter expires next June 30.

• **How It Worked in Italy**—The story of USCC's operations in Italy, now terminated, may provide a preview of how trade with Germany and Japan will develop.

When parts of Italy fell to the Allies, USCC received Italian exports and sold them to American buyers, holding the funds in Italy's blocked account. Many of these purchases were of strategic materials needed by war industry.

Under the Allied Commission in Italy, the Istituto Nazionale per il Commercio Estero (I.C.E.) was formed, and this agency coordinated Italian import-export deals in collaboration with USCC and agencies of other governments. As time passed, commercial correspondence with Italy was permitted, and an initial exchange rate established. American buyers could communicate through USCC and I.C.E. with their Italian suppliers.

Finally, when transfer of funds was permitted and the new exchange rate of 225 lira to the U. S. dollar was set, the USCC folded its tent and turned trade over to private hands. The I.C.E. was abolished at the same time, but Italian import- and export-licensing procedures were established by Rome, and trade was back to a near-normal status.

• **Prospects**—Washington experts in USCC and the Commerce Dept. expect a central trade-coordinating agency to be established eventually in Germany under some fledgling government, and reconstruction of a peacetime economy then to permit freeing of private trade from government mediation. Meanwhile budget estimates of the volume of trade with occupied areas likely to be handled through USCC during the year ending next June 30 run to \$420,000,000, and it is quite likely that this figure will be exceeded.

CANADA

U. S. Firms Expand

Companies that now have branches extending operations, others moving in. Paper, autos, producer goods are main fields.

OTTAWA—United States industry is adding heavily to its already substantial stake in Canada in the form of branch plants and subsidiary companies. American companies long established in Canada are expanding their operations, and new ones are moving in. Others are buying into established Canadian concerns or planning to have Canadian firms manufacture and distribute their products.

The northward movement of industrial capital has gained momentum since the end of the war. Tariff considerations are still a factor, but in addition the Canadian market has assumed increased importance. Labor stability and lower labor costs, the desire to put surplus funds to work, and closeness to raw materials are other considerations.

• **Survey Being Made**—Authoritative statistics on the movement are hard to get, but the Dominion Bureau of Statistics is now making a survey and will be able to tell the full story later in the year. It is safe to say that the total new capital involved is in the hundreds of millions and will add substantially to the \$5 billion of United States capital which was invested in Canada as of the end of 1945.

Not all of the investment will mark an addition since, as of the end of last year, there was already in the country \$230,000,000 in undistributed profits of existing American branch and subsidiary companies. Out of that kitty a lot of plant extensions are being financed.

• **Three Fields**—A survey of available reports on actual and projected expansions and new enterprises indicates that they fall generally into three groups: pulp and paper, automotive field, and industrial supply or service.

The tariff has nothing to do with the enlargement of American interest in the pulp and paper field. The purpose is to secure raw material from Canadian forests. Among the developments are the following:

Kalamazoo Vegetable Parchment Co. has a \$10,000,000 program under way at Espanola, Ont., built around the purchase of a long-idle mill. Principal product will be bleached sulphate for shipment to its plants at Kalamazoo. The company is also going to produce fin-

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ished products for the Canadian market; and for that purpose has bought control of Appleford Paper Products Ltd. with a specialty paper-making plant at Hamilton, Ont.

Marathon Paper Co., of Rothschild, Wis., through a newly formed Canadian subsidiary, has acquired timber rights and is building a \$15,000,000 plant and townsite on the north shore of Lake Superior, 180 miles east of Port Arthur. The plant will have a capacity of 300 tons of bleached sulphate a day for shipment to Rothschild.

Kimberly-Clark Corp., of Neenah, Wis., is developing on a similar scale at nearby Long Lac, also on the Superior shore. The stake will run between \$15,000,000 and \$18,000,000, and the mill will have a 250-ton sulphate capacity.

Brown Co., of Berlin, N. H., already established in the pulp field at La Tuque, Que., has embarked on a long-range program of development of its Canadian subsidiary.

Sorg Paper Co., of Middletown, Ohio, is planning a \$1,500,000 Canadian mill to be in production within three years.

St. Regis Paper Co. is erecting a new paper bag plant at Vancouver.

Automotive Developments—Significant moves in the automobile field are the establishment, or prospective establishment, of production facilities by companies other than the big three, General Motors, Ford, and Chrysler who have so far dominated the motor car industry in Canada.

Studebaker has acquired a plant at Hamilton and plans to produce a Canadian car. Packard has bought land for expansion at Windsor and is looking toward production there. Nash has bought a former Ford assembly plant at Toronto, and will be producing in Canada for the first time. Two trailer companies, Fruehauf and Trailmobile, have bought plants and will produce in Canada, the former at Weston, near Toronto, and the latter at Windsor. Kaiser-Frazer plans to establish a Canadian branch, but has not settled on the location.

International Harvester, an old-timer in the Canadian field, is building a new truck plant at Chatham, Ont., and, in the implement line, plans to remove its drill-manufacturing operation from the Richmond (Ind.) works, to Hamilton. Reo has a new plant at Leaside, in the Toronto area, for truck production. Both Chrysler and Ford have begun plant extensions at Windsor.

Producer Goods—Expansions and new developments in the industrial supply and service industries add substantially to the range and self-sufficiency of Canadian industry generally. Here is a sampling of developments in this sector:

Two can companies, already here—**Continental Can Co.** and **American Can Co.**—are expanding, the former by



THE COOPERATOR

Edward J. Phelan, who formally assumed duties as director general of the International Labor Organization in Montreal this week, sounded the keynote for I.L.O. when he predicted the world is "ripe for a degree of international cooperation which in the interwar period would have seemed an idealist dream." I.L.O., made up of management, labor, and government representatives, is studying at its 29th general conference how best to dovetail activities into the United Nations, with which it is affiliated.

enlarging its factory at New Toronto, the latter by the acquisition of a new plant at Hamilton. **Moore Business Forms, Inc.**, is spending \$450,000 on plant expansion at Mount Dennis, a Toronto suburb.

Perfex Corp., of Milwaukee, has established a Canadian subsidiary at Toronto for the production of its lines of automatic temperature controls, engine radiators, and other products.

Niagara Garnet Corp., of Niagara Falls, N. Y., is producing grinding powders in a recently acquired mill at Sturgeon Falls, Ont.

Penn Electric Switch Co., of Goshen, Ind., has moved into Toronto with a subsidiary to produce controls for heating and refrigeration units and engines.

Ahlberg Bearing Co., of Chicago, has opened a plant at Montreal. The Timken Roller Bearing Co. moved in earlier with a branch at St. Thomas, Ont.

Eagle-Picher Co., of Cincinnati, has bought a substantial interest in the established firm of McArthur, Irwin, Ltd., Montreal, which will expand its

Universal Pictures Company, Inc.



DIVIDEND

The Board of Directors has declared a quarterly dividend of 50c per share on the outstanding common stock of the Company, payable October 31, 1946 to stockholders of record at the close of business on October 15, 1946.

THE MARKETS (FINANCE SECTION—PAGE 63)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	144.7	142.5	150.2	158.1
Railroad	45.4	45.8	50.5	58.7
Utility	74.7	73.9	77.0	76.0
Bonds				
Industrial	122.2	122.3	124.6	121.5
Railroad	112.2	112.2	117.1	114.9
Utility	113.4	113.5	115.6	115.7

Data: Standard & Poor's Corp.

Unlucky September

It was an apathetic stock market that closed its books this week on the unlucky month of September. Superstitious traders are glad to be finished with the month that broke the bull market and brought a wave of liquidation that in many ways was the worst thing since 1929. But few of them see any signs that October will undo much of the damage.

• **Rally Fades Quickly**—The promising little rally that got under way last week (BW—Sep. 28'46, p112) ran for three days and then wheezed out on Thursday.

At its peak, the Dow-Jones industrials reached 174.96, up almost ten points from the bear market lows of Sept. 19. The rails made it to 48.68, a three-point gain from the lows.

For the next three trading days the market chipped away at these gains, but neither bulls nor bears put their heart in the work. On Wednesday, the averages turned up again. The indus-

trials closed at 172.72, and the rails at 47.85.

• **Little Trading**—During all this sawing, volume on the New York Stock Exchange was so light that the movements of the averages scarcely meant anything. On Tuesday, when the industrials spilled almost a point, only 890,000 shares changed hands, the smallest day's trading since Aug. 26. On Wednesday, when they gained 1.25 points, volume was a scant 960,000 shares.

Bullish pollyannas, trying to put the best possible face on things, say that the market is doing well to hold its own under the circumstances. The truth is that it is not doing well at all.

After a vertical drop, like the one in September, a market with any real bounce in it should be able to stage a strong secondary recovery even when the main trend of prices is downward. The quick demise of each little rally in the past three weeks is an ominous sign.

• **Fight Gets Rough**—The general listlessness on the floor of the exchange during the past week hasn't extended to the executive offices. The row between Wall Street and the Federal Reserve Board over the 100% margin rule is beginning to get rough. At the moment, Emil Schram, president of the Big Board, is doing most of the slugging.

Last week, Schram announced that he was asking the Comptroller of the Currency to investigate the loans made

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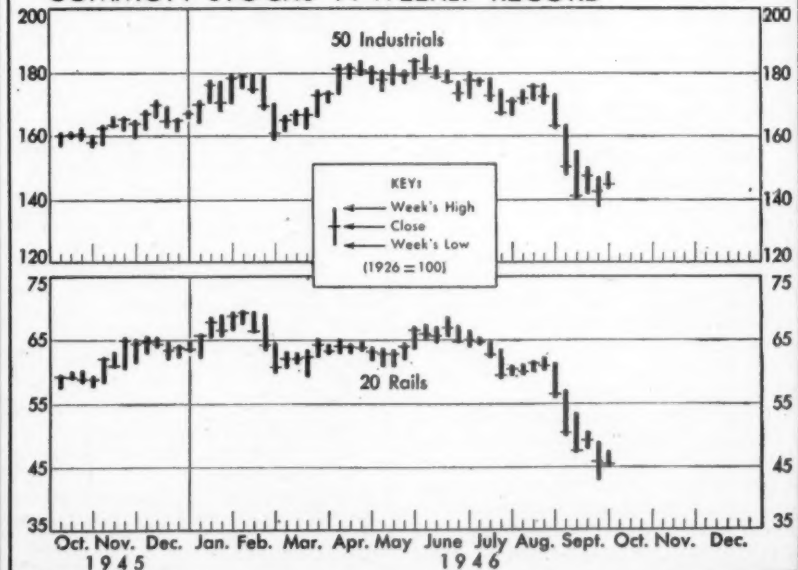
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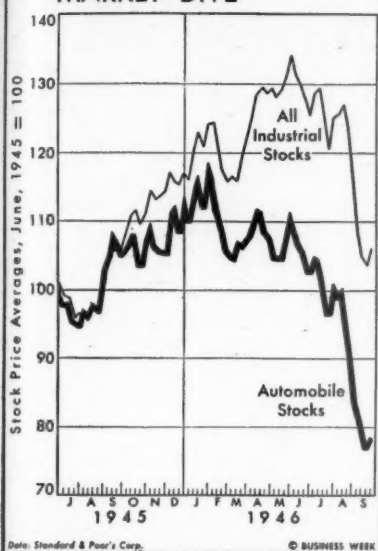
COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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MOTORS LEAD MARKET DIVE



by banks against securities since last January when margin requirements were jacked up to 100%.

His theory is that with regular margin trading prohibited, a certain number of speculators managed to wangle credit through less orthodox channels. When the market started to spill, loans of this sort were called at once with no chance for the borrower to put up more margin.

Motor Trouble

Toward the end of the war, when everybody with money to invest was trying to spot the big winners in reconversion, almost all Wall Street expected the automobile companies to become the peacetime darlings of the stock market. Somehow it hasn't worked out that way.

The motors group began to lag behind the rest of the market around the last quarter of 1945. Since the beginning of 1946 it has been a bad actor by any standards.

• **First to Slide**—Automobile shares hit their bull market high in January, some four months before industrials as a whole topped off. They dropped violently in the February spill, then managed to make only a token recovery in the final bull market rally. When the market turned down, they were leading the procession.

When the wave of September liquidation finally had spent itself, motors were selling about 35% under their highs (against 22.6% for Standard & Poor's industrial average). Since January, they had wiped out a good 55% of all the gains they scored in the four-year bull market.

Wall Street still doesn't quite know why its one-time favorite has turned in such a sorry performance. The automobile group has run into a lot of trouble over the past year, and the near-term outlook still is pretty bleak, but long-term prospects look almost as good as ever. To disconsolate traders it appears that motors blew up just when they had got over the worst of their problems and were beginning to see daylight ahead.

• **Investors Shy Away**—One answer is that there is a limit to how many setbacks any stock group can take without getting knocked back on its heels more or less permanently. The automobile companies have had more than their share of hard luck since the beginning of reconversion. Investors have begun to shy away from them even when the future looks pretty bright. It has looked bright before, and in the past eight or ten months a considerable number of traders have had their heads chopped off because they were too impressed by that brightness.

The biggest headache for the motors group, of course, has been labor trouble, especially the General Motors strike. By the time the industry had made its own peace with the unions, the parts suppliers were tied up. And on top of this there were major strikes in steel, coal, glass, copper, and various other basic materials industries.

• **Output Lags**—Even in their best weeks so far this year, the automobile producers have not been able to shove production up much beyond the rate of 4,000,000 units a year. Since production was virtually stalled during the first quarter and was limping badly during the second, total production for 1946 probably won't go over 3,000,000 units at the most. This is a real come-down for an industry that figures demand for the next few years at 7,000,000 cars and trucks annually and hoped to get production of 5,000,000 units this year.

The estimated demand figure recently has become another touchy point with investors. Nobody denies that there is an enormous backlog of unsatisfied demand, but the stock market is beginning to wonder how much of it will survive if prices keep on rising (page 15). Traders fear that to keep their product within reach of the ordinary buyer the big automobile companies may have to let their profit margins be squeezed down almost to nothing.

• **Pause for Thought**—Experts on the industry belittle the idea that there is any danger it will price itself out of the market—at least as long as national income keeps booming along at present levels. But the question is enough to make traders stop to think, and any market in which traders stop to think is likely to be bearish.



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THE TREND

HOUSING—IT'S THE FINISH THAT COUNTS

If you have been guided by the progress reports of the Veterans Emergency Housing Program, you no doubt think that things have been going along very nicely. For example, you have learned that over 600,000 dwelling units, over half the year's target, had been started by the end of July.

But if you've been counting on the program to get a roof over your head, you know that the program has not been going at all well. For example, only about 50,000 of the conventional and prefabricated housing units started this year had been completed by the end of July; and the time required to complete a house had been stretched out from an average of about three months to an average of six or seven months.

• What you may not have realized fully, however, is that the great emphasis which the Wyatt program has placed and continues to place on getting dwellings started is raising havoc with getting them finished and adding greatly to their cost. This relationship is elucidated in the following paragraphs. It acquires importance from the obvious fact that in housing it's the finish, not the start that really counts.

The basic reason why more houses are not getting completed is, of course, shortage of the requisite building materials. The paralyzing effects of the shortage, however, are compounded when more housing units are in process of construction. For example, if there is enough lumber to build 100,000 houses and enough nails to put it together, it is potentially possible to complete the lumber work on that many houses. But if builders of 500,000 houses are bidding for the available supplies and builders of 100,000 of them get the lumber, and builders of another 100,000 get the nails, the lumber work is not completed on any houses. That's an extreme example of what has been going on as builders of far more houses than can possibly be completed with available building supplies scramble for what's available, often in black markets.

• As the time required to complete houses increases, the cost of doing the job shoots upward. Labor costs are increased as building crews are held up awaiting supplies; in some cases work has to be done over because of weather damage during delays; materials prices are higher both because of black market operations and the frequent necessity of using more expensive substitutes; interest charges are high. Also—and this is probably the most important consequence of doubling the time required to complete houses—the risks of building are so greatly increased, particularly during a period of soaring prices, that contractors are forced to add greatly to their margins in self-protection.

So far as we know, no one has compiled statistics which show how much building costs have been in-

creased by all of these factors. It is possible, however, to make some rough estimates which show the effect of lengthening the time required to complete dwellings. On the basis of the distribution of costs prevailing in 1941 (materials 52%; labor 34%; builder's overhead and profit 14%) a house which cost \$5,000 then should cost about \$6,400 now when OPA ceiling prices on materials are about 30% higher and wage rates are about 25% higher than they were in 1941. Actually, however, such a house is selling for nearer \$7,650—more than 50% above 1941, instead of the 28% above which would be justified by present ceiling prices on building materials and present wage rates.

The difference is accounted for by such factors as the doubling of the prewar builder's margin, necessitated—at least, in part—by the greater risks involved in building and the decreased productivity of labor because of intermittent operations. Consequently, a reduction in the time required to build a house would pay off handsomely by making it possible to bring the selling price down from about \$7,650 toward the \$6,400 which would be justified by increases in material costs and wage rates.

• Housing Administrator Wyatt recognizes, of course, that his job consists of getting houses not merely started but finished. To cut down the lengthening lag in getting houses finished, he has recently been taking strenuous steps to get more materials for housing. These include the setting aside of 75% of the supply of 57 important building materials for the building of dwellings, a further 27% cut in nonhousing construction, and more strenuous drives to clean up the black markets for building materials.

There is no reason to believe, however, that these steps will make any very spectacular gains in cutting down the completion time of dwellings so long as pressure continues to be exerted to get houses started at the rate set by the emergency program which calls for 1,200,000 starts this year. In fact, there is much more reason to believe that the gains in supplies of materials resulting from these steps will be quite fully offset by the starting of more units over which to spread a still inadequate supply of materials.

• The real remedy is to cut down the number of starts called for by the emergency program this year, and to shift the emphasis of the program heavily away from getting houses started to getting them finished. It is easy to understand how the political sponsors of the program might shy away from such a shift on the ground that it would be seized upon as a confession of failure. Administrator Wyatt, however, should press for such a shift in pursuance of what has consistently been his sincere effort to do a real job of housing. The key test of his program is not how many houses are started. It is how many are finished, and at what price. ~~There the record is bad.~~

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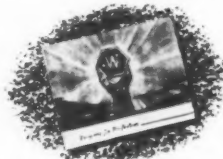


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